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5 August 1980

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No. 2172

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PRESS UPDATE ON YACYRETA PROJECT

International Bids In

Buenos Aires CONVICCION in Spanish 3 Jun 80 p 10

[Text] Yesterday, five large international consortia submitted their bids for construction of the civil engineering part of the Yacyreta Argentine-Paraguayan dam. This construction might start "at the end of this year," in the opinion of the under secretary for Water and Thermal Power, Bernardo Bronstein.

The bids were opened during a ceremony held in this capital. The five consortia that had been preselected submitted bids ranging from a minimum of \$1,480,083,582 to a maximum of \$2,390,469,613.

A study of the bids, a preliminary step to awarding the construction job, will take between 30 and 120 days.

The envelopes from the five consortia were opened by the legal director of the agency, Santiago de las Carreras, in the ceremony presided over by the head of the Yacyreta Binational Agency, Jorge Pegoraro, also attended by the secretary of Energy, Daniel Brunella, the Paraguayan ambassador, Antonio Masulli Fuster, and the governor of Corrientes, GEN Luis Gomez Centurion, among other authorities.

The Dumez Corporation consortium of French origin and consisting of Italian, Swiss, FRG, Argentine and Paraguayan corporations, quoted a total of \$1,480,083,582. The ICA [Associated Civil Engineers] consortium, Mexican, consisting also of Spanish, Swedish, Canadian, Paraguayan and Argentine companies, offered to build the dam for \$1,811,250,000.

The MKI and Associates group, made up of Morrison, Knudsen International and Lider Corporation, from the United States, and other Paraguayan and Argentine companies, quoted \$2,390,469,613, with an alternative bid for \$1,859,759,751.

The fourth consortium, the Yacyreta Construction Corporation, with Argentine, Italian, Paraguayan and Uruguayan companies, submitted a bid for

\$1,706,637,015 and the Dredging-Hotchief-CCI-Auxini Consortium, Spanish, with French, German, Argentine and Paraguayan corporations, submitted a bid for \$1,763,999,165.

The following are the principal civil engineering construction jobs to be awarded:

- A. Headwall construction, consisting of closing the main arm of the Parana River, navigation lock, main arm spillway, hydroelectric powerplant and facilities for fish to pass through.
- B. Lateral dykes on the Rincon de Santa Maria, on the Yacyreta Island, with closing the Ana-Cua arm and on Paraguayan mainland, up to the vicinity of San Cosmo, for a total length of approximately 70 kilometers.
- C. Spillway for the Ana-Cua arm.
- D. Water intakes for irrigation.

The under secretary for Water Power, Bronstein, stated, on conclusion of the ceremony, that "a job of this magnitude has to start as soon as this awarding has been made," and he added that "I have great hopes that, by the end of this year, construction can begin on those civil engineering jobs, because everything is set for the job to start."

He repeated that, according to estimates, the first turbine of the Yacyreta Dam will be installed "at the end of 1986."

In addition, he maintained that "the rest of the time schedule of Argentine Republic jobs" for the utilization of power will be "adjusted" to the "actual date of Yacyreta's going into operation" and that, therefore, "when concrete dates are known, he is very sure that the secretary for Energy will soon propose installation of some thermal powerplants to cover the small load shift that Yacyreta is going to supplement in time."

In turn, the director of the Binational Agency, Pegoraro, said that "we are pleased" by the figures quoted by the five consortia, because "they are within what we had in mind. This shows that there is much competition."

Pegoraro maintained that the study for awarding the job will take about 3 to 4 months," as soon as "a similarity of the bids is established," because they have "many variants, alternatives and various approaches."

The Consortia and the Bids

	Basic Bid
Dumez Corportation and Others Consortium	\$1,480,083,582
ICA Corporation and Others Consortium	With alternative \$1,811,250,000
MKI and Associates -- Morrison Knudsen Internat. Co.	\$2,390,469,613
alternative bid	\$1,859,759,751
Yacyreta Construction Corporation (IMPREGLIO)	\$1,706,637,015
Yacyreta Consortium (joint venture) -- Dredging and Construction	\$1,763,999,165



Dykes, roads, spillways, navigation lock and the dam are the principal Yacyreta civil engineering jobs.

Key: 1. earth dam; 2. spillway; 3. bridge; 4. powerplant; 5. lock; 6. dyke; 7. national highway; 8. access road; 9. connecting road; 10. island; 11. permanent town

Political, Economic Implications

Buenos Aires CONVICCION in Spanish 3 Jun 80 p 10

[Article by Martin Olivera: "Ups and Downs of Political and Economic Prices"]

[Text] The opening of the bids for construction of the civil engineering part of Yacyreta, performed yesterday, serves as a perfect demonstration of what the power of international corporations and their respective governments is with regard to a hydroelectric dam that they measure economically and politically.

Only 10 days ago, CONVICCION stated that the opening of the envelopes, both for this bidding and for bidding on the Yacyreta turbogenerators, might make many "fall from a sitting position," according to technical and financial experts. And they were not wrong.

At first sight (see the list (on the preceding page)), the bids show differences of almost \$1 billion between consortia. This is a significant figure, if it is realized that the civil engineering jobs represent, theoretically, around 40 percent of the total cost of the job, estimated at \$5.5 billion.

Consequently, the highest bid in price, that is to say the bid by the MKI consortium (American), just touches that 40 percent ceiling, while the lowest bid, from the Dumez consortium (French) does not even represent 30 percent of the total estimated cost of the hydroelectric powerplant.

Moreover, both bids, the highest and the lowest, submit alternatives that may lower the cost of the civil engineering construction up to 20 percent more.

Of course, the price of the bid is not what determines final selection exclusively, but rather also the technical characteristics, the financing offered and the political factors at stake, which are not few in this case.

Consequently, a detailed analysis should be made.

Roads to Yacyreta

From the point of view of cost, the initial advantage of the French consortium is obvious. Its bid (as CONVICCION anticipated in its 24 May issue) is strikingly low.

This is not strange, if we take into account France's need for giving work to its industry, which is confronted by serious unemployment problems. That is to say that for Paris the bidding has a political price. And for this reason it would not be strange, either, for there to be a subtle bit of dumping in this bid. After all, it would not be the first consortium to engage in dumping.

From the technical point of view, to start with, many assign advantages to the Yacyreta Construction Corporation, a group headed by the Italian IMPEGLIO company, which, handled the Salto Grande job, with Soviet cooperation.

This fact, very favorable to some, is a disadvantage in the opinion of others, in view of the well-known problems that confronted the Argentine-Uruguayan hydroelectric powerplant, although they are not imputed directly to the peninsular company. With regard to price, IMPEGLIO is very close to Dumez and, according to rumors, also very close to dumping.

With regard to financing, the competition is no less hard fought. Nevertheless, the financing offered by the American company, through the Export Bank, would be competitive.

This is owing to the fact that, for the Washington Government, it is an important political factor to enter Yacyreta and it is ready to "collaborate" as much as possible with its companies to achieve this. This "collaboration" would probably take the lineal form of a generous line of credit.

The last factor affecting selection, which may take from 30 to 120 days, is the political factor. Although it is true that it will be difficult for someone to feel inclined to stamp his signature awarding the construction job to a consortium that does not offer every technical and financial guarantee, it is also true that the higher interests of the state may motivate the victory of a specific consortium of a specific nationality.

Besides, from this point of view, a part is played by Argentina's participation in each consortium and also Paraguay's participation, a country that, although it is not investing one peso, owns 50 percent of the job and decisions on Yacyreta. In this respect, every group was careful to have companies from both nations (see the above list).

In short, selection will not be simple and the low prices contain more than numbers.

Results of Delays

Buenos Aires CLARIN in Spanish 3 Jun 80 p 4

[Article by Daniel Muchnik: "Attention Call"]

[Text] The under secretary for Energy, Bernardo Bronstein, who is pleased with the amounts of the bids submitted by the five international consortia for the Yacyreta civil engineering jobs, announced to CLARIN that, in spite of everything, readjustments will have to be made in the electricity flow chart. He said that "correction of the National Equipment Plan for the period from 1979 to 2000 will be published in the next 45 or 60 days. At this time, we are exchanging opinions with national and provincial service companies for the purpose of determining when the plants and machinery that will fill in the gap left by the failure to achieve some goals will be installed."

What do the modifications consist of? Has the National Plan failed or is it merely a question of changing course in view of unforeseen circumstances? What is the shape of the problems motivating the economic team to modify the programs?

According to already known events, Yacyreta has undergone delays. These delays may affect the nation's supply infrastructure at any time. Only

seven turbines will have to have serious difficulties in beginning to operate in December 1986, as was hoped a year ago. If each turbine generated 135 megawatts, it is obvious that, by that critical date, a total of 945 megawatts would be missing from the network.

Now then, this amount is undoubtedly worrying the authorities. Nine hundred forty-five megawatts is equal to a fifth of the present intertie system. It involves the power supply of the Northwest. To be more specific, the well-known crisis in July 1979 (when Atucha ceased operating, El Chaco was without water and the thermal equipment was decreased by 40 percent) occurred, because there was a shortage of 700 megawatts.

Other more recent problems that put the nerves of the users on edge were the blackouts last March (owing to the failure to deliver Salto Grande, the marginal power of Atucha and the drop in El Chaco's production) came up because of the lack of 450 megawatts in the system. As can be seen, making up for the shortage of 945 megawatts that Yacireta will not supply in December 1986 is technically and strategically fundamental for avoiding future surprises.

The official experts state that the attitude with regard to the certain absence of the seven turbines at Yacireta should be one of "calm."

They suggest that "there is time, up to 1986, to avoid problems. Besides, concerning the shortage of 945 megawatts anticipated, it has already been decided to supply the market with 500 megawatts (by creating new infrastructure). Then all that would be left would be to decide the fate of 445 megawatts."

These 500 megawatts, not included in the Electricity Plan published last year, are made up in the following way:

One more 250-megawatt machine for the Alicura complex.

The Uruguay-1 hydroelectric plant, with 60 megawatts, in Misiones Province.

Gas turbines in Cuyo, for a total of 60 megawatts.

Gas turbines in Cordoba, for a total of 100 megawatts.

Concerning the remaining power shortage (the already mentioned 445 megawatts), the firm conviction has been detected in the economic team that it should be made up with gas technology. The possibility of building another kind of powerplant is said to have been discarded.

Thus, the option chosen is the more expensive, absorbs more appropriations. Peak power (maintained by gas turbines and El Chaco, in the case of Buenos Aires) always ends by being more expensive than "basic" power (supplied by Atucha and other facilities of the thermal type).

This dilemma dates back to the analysis of the Achilles heel of the Electricity Plan" the financial issue. The plan is tied in with a profitability of the companies that is not consistent with the real situation. Thus, a crucial topic is reached, like a lag in rates. If it is intended that the estimated financing in the plan should not be insignificant, the rate of increase of electricity rates should be still more accelerated than at present.



The chart illustrates the disruption brought about in the energy program.

Key: 1. Electricity crisis in March 1980 (in megawatts); 2. demand; 3. planned; 4. actual; 5. thermal.

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INTER-AMERICAN AFFAIRS

NO ARGENTINE ECONOMIC AID TO BRAZIL

Buenos Aires LA PRENSA in Spanish 8 Jun 80 p 4

[Text] London 7 (EFE)--At present the Central Bank of Argentina is helping Bolivia to solve its international financial problems, but it is not going to do the same for Brazil, despite the recent bilateral Argentine-Brazilian agreements.

This is clear from statements made in London by members of the Argentine economic mission which is making a tour through several European countries.

Francisco Soldati, one of the advisers from the Central Bank of Argentina, said that the decision to aid Bolivia by postponement of the payment of its foreign debt was made at the suggestion of the International Monetary Fund (IMF) and the request of the Bolivian government to that effect.

Federico Dumas, who is in charge of the Department of Foreign Investment in the Argentine Economic Ministry, stated on his part that the Argentine Government will not do the same thing for Brazil to help it find a solution for its enormous foreign debt.

The new phase in relations between Argentina and Brazil is centered in other aspects of mutual collaboration, particularly in the field of the automotive industry and the supply of Argentine natural gas to Brazil.

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GUGLIALMELLI: ARGENTINE DEFEAT IN CORPUS-ITAIPU NEGOTIATIONS

Buenos Aires CONVICCION in Spanish 20 Jun 80 p 9

[Text] Div Gen Juan Enrique Guglielmelli, (Ret.), an outstanding expert on the geopolitics of Argentina, presented a detailed analysis of current relations with Brazil and how they materialized, starting with the Corpus and Itaipu agreements. The lecture, of which CONVICCION reproduces an extract, concentrates on the above-mentioned agreements which it summarizes in a rather critical overall title: "Corpus-Itaipu--Three Battles Lost by Argentina"; it blames them for generating "dangerous prospects" by leaving Argentina to play the role of Brazil's "junior partner."

Far from allowing himself to be seduced by the optimism reflected by Argentina's foreign office, which described the agreements as "an excellent understanding, from the energy viewpoint and from the political viewpoint," Guglielmelli maintains that, if there is no 180-degree turn in Argentina's economic policy, the country will objectively become Brazil's junior partner.

The Three Lost Battles

Guglielmelli divides the Argentine defeats into three aspects in keeping with the Corpus-Itaipu negotiations.

(1) The location of Itaipu 17 kilometers from the border with Argentina. In this respect, Argentina could do little to prevent this site selection, in spite of the fact that the River Plate Basin Treaty leaves the door open for a coordination of all dams in the region.

What is evident here, according to the author of this dissertation, is the clear geopolitical objective pursued by Brazil in placing the dam where it is, in a manner absolutely prevailing over merely energy-oriented criteria.

Two statements will suffice to prove this: the statement made by former Brazilian Minister of Mining and Energy, Dias Leste, who, on 4 June 1973, said that "the problem of Itaipu is essentially political. This is why the main task did not fall to the Ministry of Mining and Energy but rather to the Ministry of Foreign Relations."

The second statement came from engineer Elve Monteiro de Castro who, in an article entitled "Nuclear Energy in Brazil" and published by the magazine DEFENSA NACIONAL, in its February 1974 issue, stated the following: "Itaipu would be impossible if one of our neighbors had 20 kilograms of plutonium."

(2) The second battle lost was the battle of "regrettable damages," "prior consultation," and "the accomplished fact," and, according to Guglielmelli, it began prior to the signing of the Itaipu Treaty and ended when trilateral meetings began in September 1977.

During that lapse of time, Argentina based its positions on the River Plate Basin Treaty and its essence could be summarized by saying that "prior consultation" was necessary because of its character as a "downstream" country and the "regrettable damages" which Itaipu could cause. On the other hand, Brazil and Paraguay cited the Asuncion Act to maintain that, in case of international rivers flowing in a successive course, the countries involved can use the waters in accordance with their needs, provided they do not cause relevant damage to another country downstream.

On the other hand, Argentina tried to optimize the sector, while Brazil was not concerned with this, just like Paraguay, who wanted to assure itself of the normal operation of the Acaray dam--something which, according to them, would come about if the water level at Corpus was high.

At a certain moment, the scales seemed to tilt in favor of Argentina but Brazil solved the problem by starting the construction of Itaipu, in other words, imposing the "accomplished fact," as a result of which in turn it put an end to the possible "optimization of the section" suggested by Argentina.

(3) The third battle was the battle of the water level at Corpus, starting with the tripartite meetings in September 1977 and reaching its high point with the trilateral accord signed on 19 October 1979.

To refrain from reviewing the prolonged pulling and hauling between both parties, it suffices to make it clear that Argentina began to negotiate with the wrong situation estimates.

These mistaken considerations were as follows: (a) that Itaipu would operate at high peak power, since it could work with 30 turbines; (b) that the high peak power at Itaipu would bring about abrupt changes in the river's water level; (c) that a high water level (120 meters) would permit Itaipu to handle this operation in a better way.

This planning went wrong from the very outset since Brazil proposed that Itaipu should work with only 18 turbines, that there was no need for any high peak power because that could be achieved with the help of other power

plants, and that it accepted the parameters for navigation required by Argentina. That took Argentina's negotiators completely by surprise who had not expected either that a water level higher than 105 meters at Corpus would signify a loss of energy for Itaipu and that therefore there might be a case where it would be necessary to compensate Brazil in energy terms for this output loss.

From that point on, Argentina's position bogged down and the negotiators were instructed to try to get the highest possible water level for Corpus but there was no discussion--or at least there was no information--as to what the minimum water level to be accepted would have to be.

That gave us those famous 105 meters (which Brazil had since 1974 touted as the maximum ceiling which it would accept), signifying 15 meters less than what Argentina wanted originally. There was no talk about the Corpus site and the date for the start of work.

On the other hand, Cuglielmelli also has something to say about the maps which Argentina was supposed to use during the negotiations but which it did not use or used incorrectly.

As the first factor one must keep in mind that Corpus is a dam that is indispensable for Itaipu since it is the compensating dam which Brazil and Paraguay cannot build on their territory for geographic reasons (the distance between Itaipu and Argentina is only 17 kilometers). In other words, Itaipu could not operate at peak power without Corpus.

The second factor, which is of inestimable value, is Brazil's energy crisis which would have made it possible to include, in the same negotiating package, another series of things, such as the dams on the Upper Uruguay River, which are indispensable for Brazil and which Argentina can get along without, as well as possible agreements on the sale of gas and petroleum, likewise indispensable for Brazil. We note that all of these topics are now being negotiated.

The mistake also involved the geopolitical evaluation of these projects. Certain Argentine sectors assigned the same geopolitical value to Corpus for Argentina as Itaipu has for Brazil. In other words, Corpus was Argentina's reply to Itaipu.

This mistaken situation estimate turned Corpus into something indispensable, depriving Argentina of the possibility of negotiating with the idea of not building that dam if the water level was not suitable--which would have meant that Itaipu would not have had a compensating dam.

IMBALANCE IN INTERNATIONAL ECONOMIC TRADE CITED

Buenos Aires LA PRENSA in Spanish 25 Jun 80 p 8

'Editorial: "International Cooperation Essential")

[Text] During the meeting concerning the cooperation of Europe in Latin American development which was held in Rome on the 19th of this month, the secretary general of the Organization of American States (OAS) delivered an eloquent speech which was intended to make an impact on the leaders of the great Western powers. After reminding them of the recent Brand report titled "A Program for Survival," he said that the complementary support of Europe was necessary for the integration of the sectors of extreme poverty and the dynamics of modern culture and economics. He mentioned a recent OAS study on economic cooperation and development, which stated that "the future of the continent will depend both on the internal decisions and the strategies to be adopted by the industrialized nations, a study which again makes it clear that efforts must be interdependent, because it comes from an organization to which the principal developed countries of the western world belong." He stated that, perhaps, integration will be the inescapable trend in the future, to the extent that the demands of high development and an increasingly egalitarian system would make it less practical to achieve those objectives within the exclusive sphere of the nation-state. Because of this, the history of the European Community, with its ups and downs and its great achievements, is of special interest for the integration movements of Latin America and the Caribbean. After pointing out that cooperation is the word which at this point in the 20th Century best expresses the exercise of international responsibility, he added that some collective process, arising from the will of all, should rule the interplay of the powers if the inequality of today is to be eliminated or lessened, because the world is in need of a new international order, and this will not be achieved if only private interests prevail. It can only realistically be based, on one hand, on a combination of interests brought into being with long-term vision, and on the other hand, on the impetus toward reform which arises out of the moral conscience of humanity, never completely absent throughout history, despite many setbacks. It is essential to establish more liberal commercial relations, beginning and accelerating the process of industrial reconversion, and increasing the transfer of financial and technological resources to the developing countries. The secretary of the OAS specially emphasized the need to abolish "barriers to free trade" and "the persistence of protectionist tendencies in Europe."

In the final section of his speech the secretary general of the OAS declared that "we are facing, then, very extensive problems of world responsibility, which concern the future state of humanity and the quality of life for large masses of people; and we also face specific problems regarding possible immediate cooperation, of taking advantage of opportunities."

It appears that there is a disparity between the interests of the highly developed major powers and the needs of the underdeveloped peoples, arising from the disjunctive situation which troubles the world. While Latin America ensures vital supplies for the highly industrialized economies, its requests for technology essential for its expansion go unanswered; and while those economies progress as a result of their economic and financial power, the Latin American nations that manage to reach an adequate level are checked by systematic European protectionism.

An ECLA report reveals that 150 million inhabitants of Latin America (45 percent of the total) live in conditions of poverty, and 183.3 million (55 percent) are on a substantial level of consumption. In spite of this imbalance, imports from the region have been promoting European economic activity over the last 7 years.

This unjust state of affairs is not reconcilable with aspirations for a peaceful world, with equality of rights grandiosely envisaged in international forums, and with its conventions, agreements and treaties, which turn out to be meaningless or demagogic; because when the time for decision arrives an insubstantial pattern of interests is established, and it is forgotten that we live in an interdependent community, where interchange involves both sides equally, on a plane of reciprocity and respect. Out of this attitude of unrestrained mercantilism, as a defect in intelligence, disagreements and disturbances between peoples are born. Good faith vanishes, as does commercial loyalty and fair compensation in the goods necessary to the less developed countries.

The speech of the secretary general of the OAS brings out clearly the irritating and dehumanizing inequality which the more advanced nations demand in their desire to unilaterally satisfy their own interests. This is, also, an indication of the discord and lack of understanding in the world, and a clear call for the great powers to stop and think.

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ADVANCE OF OIL INDUSTRY IN LATIN AMERICA REVIEWED

La Paz EL DIARIO in Spanish 29 Jun 80 p 11

[Article by Jean A. Ennes: "The Latin American Oil Industry Faces a Demand for New Discoveries"]

[Text] While the worldwide dependence on oil has been largely a 20th century phenomenon, oil has been used in Latin America for hundreds of years. Oil production in Latin America dates back far before the arrival of the Spanish conquistadores. When Hernan Cortez arrived in Mexico in 1519, the Aztecs were already using petroleum in medicines and in their boots as a sealer.

Now, 460 years later, oil has assumed major importance. It is the fuel for the industrial development of Latin America and the rest of the world. In 1973, when the Organization of Petroleum Exporting Countries (OPEC) began reducing the supplies for export, the price of oil rose greatly. Under these circumstances, even the majority of nations of the world with a slight potential began the expensive task of exploration. The results have been mixed, but the Latin American region has had more success than many others.

At the present time, 11 Latin American nations are producing oil, and six of those countries are exporters of refined or crude oil. The exporters (Bolivia, Ecuador, Mexico, Peru, Trinidad-Tobago and Venezuela) vary considerably in the amounts of gas and oil that they produce; but all of them enjoy the security of not having to depend on imported oil.

From 1 to 4 July, executives and technicians from the oil industries of the Latin American nations will meet in Rio de Janeiro, Brazil, for the First Latin American Congress and Exposition of Petroleum, sponsored by ARPEL (Latin American Petroleum Industry Mutual Aid Association) and PETROBRAS (Brazilian Petroleum Corporation), the Brazilian state petroleum company.

The Latin American Petroleum Exposition will show the latest technical advances in exploration and production, with nearly 300 exhibitors from 13 countries participating. The conference program will include technical

operations involving exploration, drilling, production, transportation, refining and processing, offshore emergency procedures and the improvement of heavy and unconventional types of petroleum.

Three quarters of the conference participants are Latin American, attesting to the fact that there is much information to be shared within the region.

Experts in the industry are of the opinion that the regional oil consumption will double between 1975 and 1985, while production will increase only two thirds. This would result in a cut in the oil supply for export. New discoveries and new production will be the main topics discussed by those attending the conference in Rio de Janeiro.

Not all the predictions concerning the region's oil future are pessimistic. Dr Thomas LaFehr, a prominent member of the Society of Exploration Geophysicists, has stated: "Oil development in Latin America has as much potential as that in any part of the world." LaFehr is president of Exploration Data Consultants (EDCON) of Denver, Colorado, which specializes in the geophysical exploration of hydrocarbons throughout the world, including Latin America.

The State of the Industry

Oil production in Latin America has increased significantly during the past 2 years, from an average of 4,726,000 barrels per day to 5,323,000 barrels per day.

There has been new exploration on both the Pacific and the Atlantic, from Cuba to the Strait of Magellan. Recent drillings in Mexico, Brazil and other Latin American countries have resulted in new deposits of petroleum and natural gas.

For many years, Venezuela has been the largest oil producer in Latin America, and it is a leader within OPEC. Venezuelan production has declined recently, possibly due to the pressure from OPEC to maintain the prices by restricting production.

The future looks bright for Venezuela if technological advances are made in the processing and use of heavy oil. The Orinoco Belt contains about 4 trillion barrels of heavy oil deposits. PETROVEN [Venezuelan Petroleum, Inc], the state oil company, will spend as much as \$35 billion on new exploration during the 1980's. In Venezuela, onshore and offshore, both heavy and light petroleum will be the object of future exploration.

In 1976, when the newly elected president of Mexico, Jose Lopez Portillo, was given the estimates on the new oil reserves in his country, the news was so encouraging that he was able to plan a complete rejuvenation of the Mexican economy. Some experts in the industry claim that, whereas the estimated volume of reserves amounts to from 60 to 200 billion barrels, even higher figures are conservative.

In 1974, Mexico was a rather insignificant exporter. Now, Mexico exports nearly half its most recent daily production of 2 million barrels. Both production and exports have increased rapidly, despite the government's concern over the economy's capacity to absorb the large flow of foreign exchange.

PEMEX [Mexican Petroleum], the Mexican state oil company, has been very successful in its exploration, and will spend billions of dollars on further exploration in the near future. The president of PEMEX, Jorge Diaz Serrano, predicts that by 1982 Mexico may be producing 4 million barrels per day.

Trinidad-Tobago, another oil exporter, will experience a serious decline in production if new reserves are not found. The large gas deposits recently discovered may possibly help to maintain the economy, if oil exports are reduced, as has been predicted.

The production in Peru underwent a sharp increase in 1978 (66 percent), and it has continued to grow prosperously. Peru, an exporter since 1978, is continuing the exploration of its coasts, and also in the Amazon jungle, where the reserves are estimated at 400 million barrels.

Ecuador, the country neighboring Peru, is a producer of equal importance. Some spokesmen in the industry fear that it may become a definite importer by 1983, if no new deposits are discovered. But drilling is under way in Ecuador, which earns half of its income from oil exports.

Another Andean producer is Bolivia, which is also in danger of losing its status as an exporter. The production has become stabilized at about 30,000 barrels per day.

Argentina could prove to be the next exporting country. The domestic production amounts to over 80 percent of the national consumption, and the exploration of new deposits is making progress. The austral basin off the southern coast is considered one of the areas with the most potential in the world insofar as the volume of hydrocarbon resources is concerned.

Chile shares the potential of the austral basin with Argentina. Chile has recently invested millions of dollars to reduce oil imports.

While oil consumption in Brazil is still rising, the domestic production has remained unchanged, at about 160,000 barrels per day. Brazil's status will improve significantly in 1982 or 1983, when the production from the Campos basin will be providing as much as 190,000 barrels of crude per day.

Of all Latin America, Brazil is the country which has most eagerly and assiduously carried out its offshore drilling program. The deep offshore well, No 1, APS-31A, was recently completed, with very good production, increasing PETROBRAS' optimism.

The production in Colombia has declined in recent years. There are new plans for intensive exploration of the abundant formations in the Caribbean and the Amazon jungle. If all goes well, this would place Colombia in the group of oil exporting countries.

The only other Latin American country which has been successful in its exploration campaign has been Guatemala, which is now producing approximately 2,000 barrels per day in the Rubelsanto and Chinaja fields.

Although there is exploration activity in other parts of Latin America, such as Paraguay, Uruguay, Honduras, the Dominican Republic and Haiti, it would appear that many countries will be destined to remain oil importers during the years ahead.

A crucial factor in Latin American's oil future is the ability to locate new hydrocarbon reserves. As in many other parts of the world, a large number of the most productive deposits in Latin America have already been discovered. However, there are promising areas, such as the austral basin, which are ready for new exploration methods. The recent success in Mexico indicates that new reserves may yet be discovered. These discoveries contradict the notion that the world supply of oil is undergoing an unceasing decline.

2909

CSO: 3010

ARTICLE SURVEYS EVOLUTION OF LATIN AMERICAN ECONOMIES

La Paz EL DIARIO in Spanish 29 Jun 80 p 30

[Text] The latest issue of the inter-American economic journal, PROGRESO, contains an extremely significant article relating to the economies of the South American countries. The interpretation given to this article is based on the recessive trends and, in particular, the still excessive protectionism in many of the major economies.

According to the article, the data which have been published comprise the "most prominent aspects of the Preliminary Assessment of the Latin American Economy in 1979, prepared by ECLA [Economic Commission for Latin America] and published by its executive secretary, Enrique Iglesias." Insofar as Bolivia is concerned, the article in the journal indicates that the inflationary process has become more marked there as well.

In the midst of a world situation typified by recessive trends, increasing inflationary processes and the revival of protectionism among many of the major economies, owing to the confusion and uncertainty on the exchange markets and the substantial new hikes in international oil prices, the evolution of the Latin American economies in 1979 showed a sizable increase in the rate of economic growth, which rose from 4.7 percent in 1978 to about 6.5 percent in 1979.

In the external sector, the deficit in current account in the Latin American balance of payments increased greatly, for the second consecutive year, reaching the unprecedented sum of \$20 billion. In spite of this, the maintenance of a large flow of external capital to the region made it possible for the overall balance of payments to generate a surplus once again, although the amount (\$3.5 billion) was equivalent to only half of that accrued in 1978. In view of the fact that most of the foreign capital received was in the form of loans, Latin America's external debt underwent another very marked increment.

Moreover, the inflation in the majority of countries accelerated, and hence the average regional increase in consumer prices rose from 41 percent in 1978 to 51 percent in 1979.

These data comprise the most prominent aspects of the Preliminary Assessment of the Latin American Economy in 1979, prepared by ECLA and published by its executive secretary, Enrique Iglesias.

Growth

After growing at a relatively insufficient rate during the 4 previous years, in 1979 the region's economic activity expanded rapidly. According to ECLA's preliminary calculations, the region's gross domestic product increased about 6.5 percent; that is, at a rate considerably higher than the 4.2 percent registered during the period 1975-78 as an average.

Despite the fact that, in 1979, the growth rate was somewhat lower than the 7.1 percent attained during the first half of the decade, the fact that it was achieved within the context of a worldwide economic situation far more unfavorable than the one existing during that period, reflects the effects of the constant (albeit unbalanced) development of the region's productive forces and the greater capacity for defense and growth which it possesses now, as a result.

This more dynamic evolution in the Latin American economy as a whole was influenced decisively by the high and very similar rates of expansion attained during 1978 in the area's three major economies, those of Argentina, Brazil and Mexico, and by the considerable growth, for the second consecutive year, experienced by economic activity in Chile and Colombia. The increment in the product was also very marked in Uruguay, while the economy of Paraguay, as in the 2 previous years, was the one with the most rapid growth in the region.

On the other hand, the gross domestic product in the Dominican Republic declined in absolute terms, as a result of the damage caused by the hurricanes which ravaged the island; and it dropped dramatically in Nicaragua, following the armed conflict which upset the country. In Bolivia and El Salvador, in turn, the increase in overall production was not sufficient to preclude a decline in the product per inhabitant; whereas the latter increased marginally in Guatemala, Panama and Peru.

External Sector

During 1979, the evolution of the external sector in Latin America was marked by contradictory features. On the one hand, the value of exports of goods increased at a very high rate, exceeding 30 percent. This expansion surpassed that of imports, the value of which increased 26 percent. And, as a result, the balance of goods (which generated a deficit of nearly \$1.5 billion in 1978) produced a surplus of over \$800 million in 1979.

However, since at the same time there was a rapid increase in the net payments for services and in remittances for interest and profits, the deficit in current account increased by over \$4 billion, thereby reaching a maximum record of \$20 billion.

Nevertheless, as in previous years, the net income of autonomous capital exceeded the adverse balance in current account, and therefore the region's overall balance of payments showed a surplus again. However, the amount of the latter (\$1.5 billion) was 50 percent less than that attained in 1978.

The noteworthy increase in the value of exports of goods was influenced both by the substantial hike in their unit value (which increased an average of 17 percent), and by the considerable expansion in the volumes exported. The latter (which had risen very intensively and constantly during the 3 previous years) rose about 12 percent in 1979, both in the oil-exporting countries and those which are not oil exporters.

The remarkable size of this expansion, the fact that the volumes exported increased in all the countries of the region, with the sole exception of Haiti, Nicaragua, Panama and Trinidad-Tobago, and, in particular, the fact that this occurred during a year when the rate of growth in the major economies declined and the protectionist practices tended to become more marked in some of them, constituted clear indications of an increasing dynamism and versatility among the exporting sectors in many nations of the region, and also of the growing importance that both inter-Latin American trade and that carried out with the OPEC countries and with certain Asian economies have been acquiring.

During 1979, there was also a substantial increase in the unit value of Latin American exports. The increments were particularly marked in the case of the oil exporting countries (which benefited from the considerable hikes in the international prices of hydrocarbons) and in Peru and Chile, which benefited from the recovery of copper prices.

Nevertheless, this average stability in the region conceals the highly diversified nature of the terms of exchange between the oil exporting countries and the other Latin American economies. Whereas, in the former, the index of the price list for exchanges rose 12 percent, and thus doubled its value at the beginning of the decade, in the latter, the terms of exchange declined by 6 percent, thereby causing the respective index to reach its lowest level in the past 10 years. Furthermore, the decline in the external price list in 1979 affected the vast majority of countries which are not oil exporters. In fact, only Chile, Panama, Peru and Uruguay were exceptions to that trend; but the progress made in 1979 did not succeed in offsetting the very marked decline that their terms of exchange had undergone in previous years, in any of them.

For the region as a whole, the net receipts of non-compensatory capital once again exceeded the adverse balance in current account, reaching a total of \$21.5 billion. This sum (slightly higher than that recorded in the previous year) made it possible to finance the deficit in current transactions, and helped to produce an overall surplus in the balance of payments, amounting to \$1.5 billion, as well. This surplus originated mainly in the sizable positive balances accrued by Argentina (\$4 billion), Colombia and Chile (\$1 billion apiece) and Peru (\$650 million). On the other hand, there was a

substantial upset in Brazil's balance of payments, when the surplus of \$4.6 billion attained in 1978 was converted into an adverse balance of \$2.5 billion in 1979.

One of the main features of the economic evolution of Latin America during 1979 was the spread and marked acceleration of the inflationary processes. In fact, for the region as a whole, the inflation rate increased from about 40 percent in 1978 to 51 percent in 1979; and the number of countries in which consumer prices rose more rapidly than the year before (16), nearly tripled the number of those in which inflation lost some intensity (6).

In each one of the groups under consideration, there were major differences in the rate and trends of the inflationary processes.

For example, in the first group, the rate of increase in prices dropped only in Argentina and Peru; but in both instances the decline was very slight, and the inflation rate continued to be very high (158 and 65 percent, respectively). On the other hand, inflation accelerated greatly in Uruguay (from 46 to 80 percent) and Brazil (from 38 to 65 percent), and to a lesser extent, in Chile (from 30 to 38 percent) and Colombia (from 19 to 29 percent).

The intensification of the inflationary process was also the general rule in the second group under consideration, although its members included some countries such as Ecuador, and El Salvador in particular, which succeeded in curbing the increases in their price levels. But, in the majority of them, the inflation rates far exceeded the usual ones in the past. For example, in Bolivia or Paraguay, the intensity of the inflationary process became heightened for the third consecutive year; with annual inflation rates of 18 and 30 percent, respectively, recorded at the end of the third quarter of 1979. The price hikes were far more intensive in Venezuela (where the inflation in 1979 was about 17 percent, thus more than doubling its average rate for the previous 5 years); and also in Haiti (a country wherein the inflation rate rose from 6 percent in 1978 to 19 percent in 1979); as well as in the Dominican Republic, where the inflation increased fivefold, rising from 2 percent to nearly 11 percent, between those 2 years. Moreover, the inflation rate continued to be very high in historical terms in Guyana (18 percent) and Jamaica; although in the latter country it dropped sharply from 49 percent in 1978 to 25 percent in 1979.

Although the deciding factors in the inflation and its relative effect on price increases were different in the various countries, according to the ECLA report one of the main causes of the widespread acceleration of the inflationary process which occurred in 1979 was imported inflation. In fact, as may be observed in Table 7, the average prices of imports (which during the 3 previous years had risen at a rate of about 6 percent) increased by nearly 16 percent in 1978, thus causing a heavy upward pressure on costs and on the internal price levels.

Immediate Future

The year 1979, when projected toward the immediate future, also emerges as a period of contrasts, wherein the progress made in the growth of the product and of exports is jeopardized, in the opinion of the executive secretary of the regional agency, and from two important angles.

He observes: "One originates on the external front, wherein there is every indication that the majority of the Latin American countries will have to continue facing a series of factors in the years ahead which will tend to restrict their economic growth."

He adds: "The other is essentially of an internal nature, and is related to the persistence of the inflationary trends, and to the stringent application of excessively orthodox corrective policies, followed by adverse effects, both economic and social."

Therefore, when the time frame of the regional economic analysis is expanded, the presence of these two angles poses serious reason for concern. Doubts arise as to the possibility that a rate of growth similar to that attained in 1979 will be maintained, in the midst of an external situation marked by two fundamentally restrictive factors, which are beyond the control of the nations of the region, namely, the slight and unstable expansion of the demand for their exports from the major economies, and the direction of international oil prices.

World Dialog

The restrictive trends and the stimulation of inflation from the world economy are prominent among the main obstacles to Latin America's ability to continue growing at the rate shown in 1979. "Therefore," the ECLA report concludes, "the region must back an international dialog as the only alternative to conflict and chaos."

Enrique Iglesias claims: "It is a fact that the development of the Latin American countries has taken place within the context of an increasing integration of the international economy. In fact, although external factors have always been of critical importance to the region's evolution, the depth and features shown in their external relations at present are new. So as not to be misinterpreted, we should say in advance that this phenomenon has both positive and negative aspects, simultaneously.

"Our international involvement is positive insofar as it allows us to incorporate technology, project abroad activities which require larger markets and eventually, pave the way for new types of international division of labor wherein our countries may occupy the place for which they are now equipped.

"But there are also risks in our new types of external involvement. These risks are manifested in the conditions which such ties impose on our

1) AMERICA LATINA: VARIACIONES ANUALES DE LOS PRECIOS AL CONSUMIDOR

	1970 1973 ^a	1974 ^b	1975 ^b	1976 ^b	1977 ^b	1978 ^b	1979
2) Países de inflación alta	24,4	45,8	72,8	77,8	49,8	47,8	89,7
Argentina	40,5	39,9	334,8	347,1	160,4	169,8	157,5 ^c
Brasil	17,8	33,8	31,2	44,8	43,1	38,1	64,8 ^d
Colombia	13,1	26,9	17,8	25,9	29,3	18,8	29,2 ^e
Chile	189,1	375,9	340,7	174,3	63,8	30,3	37,9 ^f
México	6,8	20,6	11,3	27,2	20,7	16,2	17,2 ^g
Perú	7,1	19,2	24,0	44,7	32,4	73,7	65,4 ^d
Uruguay	50,0	107,2	66,8	40,0	57,3	46,0	80,0 ^f
3) Países de inflación moderada	6,1	19,9	10,6	7,8	8,3	10,5	14,3
Barbados	10,7	36,6	12,5	4,0	9,9	11,3	13,8 ^h
Bolivia	10,8	39,0	6,0	5,5	10,5	13,5	17,8 ⁱ
Costa Rica	6,8	30,6	20,5	4,4	5,2	6,2	8,5 ^j
Ecuador	8,6	21,2	13,2	13,1	9,7	11,7	9,4 ^d
El Salvador	2,8	21,0	15,0	5,3	14,9	14,6	6,8 ^k
Guatemala	3,9	27,4	0,8	17,4	7,4	9,1	10,4 ^l
Guyana	4,2	11,8	5,5	9,2	9,0	20,0	18,1 ^m
Haití	8,9	19,5	19,9	-0,1	-1,4	5,5	18,8 ⁿ
Honduras	3,7	13,0	7,8	5,6	7,7	6,5	8,7 ^o
Jamaica	10,4	20,6	15,7	8,1	14,1	49,3	25,1 ^h
Panamá	4,3	16,6	1,8	3,3	9,2	5,0	8,6 ^h
Paraguay	6,4	22,0	8,7	3,4	9,4	16,9	29,9 ^d
República Dominicana	7,7	10,5	16,5	7,0	8,5	1,8	10,8 ^p
Trinidad y Tobago	7,4	18,6	13,4	12,0	13,4	8,8	12,0 ^q
Venezuela	3,2	11,6	8,0	6,9	8,1	7,0	17,4 ^d
4) América Latina	21,8	40,7	50,3	64,3	41,9	40,5	51,1

5) Fuente: Fondo Monetario Internacional, International Financial Statistics y datos oficiales de los países.

6) Variaciones entre promedios anuales. 7) Variaciones diciembre a diciembre. 8) Variaciones noviembre a noviembre. 9) Variaciones octubre a octubre. 10) Variaciones agosto a agosto. 11) Variaciones septiembre a septiembre. 12) Variaciones julio a julio. 13) Variaciones junio a junio.

Key :

1. Latin America: Annual Variations in Consumer Prices
2. Countries with high inflation rates
3. Countries with moderate inflation rates
4. Latin America
5. Source: International Monetary Fund, International Financial Statistics and official data from the countries
6. Variations among annual averages
7. Variations from December to December
8. Variations from November to November
9. Variations from October to October
10. Variations from August to August
11. Variations from September to September
12. Variations from July to July
13. Variations from June to June

development, in the changing impact of the external cycle on the evolution of our economies, and in the restrictive and protectionist policies used by the industrialized countries as a means of defending themselves against the recessive and inflationary trends which have typified the world economy in recent times.

"We are increasingly dependent on the operation of a world economy based on real interdependence. Under these circumstances, world dialog is the only possible way of preventing both the isolationism of the powerful nations and the isolation of the weak nations. Therefore, Latin America should back such dialog."

2909

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GUYANA SEEKS BRAZILIAN LINE OF CREDIT

Manufacturers Meet

Georgetown GUYANA CHRONICLE in English 2 Jul 80 p 3

[Text]

MEMBERS of the Guyana Manufacturers' Association (GMA) are to discuss areas in which they could benefit from the Brazilian Line of Credit.

President of the GMA FRANCES GOBIN, said yesterday that members have been requested to supply the organisation with certain information which would be submitted to the Ministry of Trade and Consumer Protection. Among the information to be submitted

are comparative prices of goods purchased in other countries that may be obtained in Brazil.

Added to this the GMA will discuss matters relating to making contact with manufacturers in the neighbouring republic.

The question of the GMA using the Brazilian Line of Credit was first discussed at a meeting the business organisation had with the Ministry of Trade and Consumer Protection two weeks ago, when it was requested that the GMA supply the information.

Results of Meeting

Georgetown GUYANA CHRONICLE in English 5 Jul 80 p 20

[Article by Herman Singh]

[Text]

GUYANA Manufacturers' are anxious to make use of the Brazilian Line of Credit to develop their operations, and have indicated their willingness to visit the neighbouring republic for talks.

Executive Secretary of the Guyana Manufacturers' Association (GMA), Jai Ram Karna reporting on a

meeting they had to discuss the Brazilian Line of Credit, disclosed that the more than 50 members present submitted lists of items they would need from Brazil.

The items include engineering materials, textiles, chemicals and pumping rolls for making oil paper.

Suggestions were also made for intensifying contacts in Brazil, Cde Karna said. Already there are some contacts but this would be intensified.

The GMA Executive Secretary said the lists submitted by the manufacturers will be discussed with the Ministry of Trade and Consumer Protection.

Cde Karna disclosed that the question of the Line of Credit was first discussed with the Ministry of Trade which had asked them to submit the list of goods they would be interested in.

INTER-AMERICAN AFFAIRS

SALTO GRANDE SOVIET TURBINES CAUSE MECHANICAL PROBLEMS

Buenos Aires LA PRENSA in Spanish 4 Jul 80 p 4

[Text] Montevideo, 3 July (EFE)--The fire in one turbine, which will be out of operation for 30 days, and the mechanical problems of the other one, which could not be rigged properly, created worry among the press over the "dangers" of Soviet technology applied to the construction of the Salto Grande dam.

The complex, which is being built by Argentina and Uruguay on the Uruguay River, 520 kilometers northwest of Montevideo, will have 14 Soviet turbines of the Kaplan type by the end of 1981.

On 21 June of last year, the presidents of the two countries started the first 135-Megawatt hydroelectric generator.

Months thereafter, a second one was installed which caught fire even though it had not even completed 4,000 operating hours.

A fifth turbine, which was to be started up last April, revealed mechanical defects during the trial run in the lubrication systems and the Soviet experts, who are repairing it, announced that it will be ready by the end of the year.

Engineers consulted by EFE hinted that the most serious problem in the Soviet turbines is connected with the fact that they have a technology that is totally unknown in America.

Press Criticisms

In accordance with the international contracts, each turbine has a warranty period of 5 years but that did not convince the commentators in the Argentine and Uruguayan dailies.

For some time now, EL PAIS of Montevideo, has been harping on something that could turn into future dependence on Russian technology.

The Uruguayan daily pointed out that the Soviet Union "is playing its game of blackmail" through "the deal on the turbines."

"The Soviet Union won the international bidding competition for the supply of the turbines with an offer that was so low that it was really just a sham," it noted.

Government Reply

The chairman of the Mixed Salto Grande Technical Commission, the Argentine Miguel Viviani Rossi, who yesterday turned over his office to the Uruguayan German de la Fuente, in announcing that the burned generator would be operating again within 30 days, said that it is wrong to maintain that the turbines are of poor quality.

Other engineers in the complex maintained--in reply to reports in Argentine newspapers--that it is possible that the turbines might have some defect "similar to the kind you find in any mechanical equipment, such as an automobile, but this is not why one can say that they are of inferior quality."

Viviani Rossi said that the Mixed Technical Commission will release a report on what is happening after the defects have been found.

The debate between the engineers and the press will certainly continue while the Soviet experts are doing everything they can to get the turbines at Salto Grande to work properly.

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ARGENTINA

WEEKLY POLITICAL COLUMN ASSESSES HIDALGO'S VISIT

Buenos Aires LA NACION in Spanish 6 Jul 80 pp 8, 22

[Text] Significance of a Visit

The new path opened up for relations between Argentina and the United States by the visit of General Goodpaster early in the year has now been followed by United States Secretary of the Navy Edward Hidalgo.

In less than 24 hours in Buenos Aires, Hidalgo took steps such as to leave no doubt, first of all, that the system of permanent consultation agreed upon months ago by Argentina and the United States is functioning, and secondly, that the Atlantic area, all along its length, is beginning to merit renewed interest because of its status as a theater of naval operations for the Americans.

It is thus timely to recall, in this latter connection, that the Argentine armed forces collaborated actively with the United States in resisting the continental aggression pursued by the Soviet Union during the so-called "missile crisis."

In October of 1962, President Guido ordered the dispatch of the destroyers Espora and Rosales to participate in the blockade of Cuba, and of an air force group, which landed at a base in California.

The Argentine destroyers were assigned a zone of operation and supervised the loading of more than 30 vessels flying various flags which patrolled the Antilles to prevent the transport of missiles toward Cuba. These vessels, along with the U.S. destroyer Norfolk and the Venezuelan vessels Esparta and Zulia and another vessel from the navy of the Dominican Republic constituted a task force commanded by Admiral Tyree, and they remained in the area until the end of the quarantine.

While returning to this country, one of the Argentine air force planes crashed into a mountain in Panama, and all crew members were lost.

An inexplicable silence has maintained about this 1962 tale.

The International Picture

The invasion of Afghanistan by the Soviet army seems to have marked the turning point on a curve of many years of declining interest in the West where the new areas occupied by communism are concerned, as well as the balance of military forces increasingly favoring that power in the world.

It is said that one of the most delicate subjects the main Chinese leaders took up in their talks in Peking last month with President Videla was the present imbalance in the war power of the West, Japan and China in comparison to the bloc controlled by the Soviet Union. The Chinese heavily stressed their insistence that the pointer on the scale will depend on the way the confrontations in what they regard as the three large theaters of operations in these years are resolved: a) Central America; b) the Middle East, and c) Vietnam-Cambodia.

President Carter has just ordered the registration of some 4 million U.S. citizens, with all the risks this decision entails in the midst of an electoral campaign. This is interpreted as one of the steps designed to regain the military position lost in the decade of the '70s in relation to the Soviet Union, but both U.S. military strategists and the Chinese estimate that it would take between 3 and 5 years to reach the point of balance now being sought.

Problems of a specifically military nature are beginning to have then crucial importance in the first half of the 1980s.

Argentina and the United States

The citizens of Argentina are not so naive as to presume that the tensions of the past couple of years in political relations between Washington and Buenos Aires are resolved because the White House has suddenly and recently changed its view of the Argentine military regime. It was not a matter of feelings, but of the extraordinary impact caused in Washington by a widespread series of international reverses which forced it to reorganize its relations with countries which in the final analysis represent the constellation of natural allies of the United States. One of these allies is Argentina.

Strictly speaking, Mr Hidalgo did not come to Buenos Aires for any one particular reason, but for all reasons. In other words, because of the picture of a general nature which is forcing the United States, among other things, to redouble its concern with the Atlantic region. And precisely, all of the countries included in the current tour by the navy secretary-- Mexico, Panama, Argentina, Brazil and Venezuela--have something to do with the Atlantic.

For reasons of a professional nature, Mr Hidalgo's main interlocutor in Buenos Aires was the commander in chief of our navy. The two talked for 4 hours at a stretch in the Libertad Building, during a part of which time they were joined by Vice Admiral Anaya, chief of the general staff of the navy, Vice Admiral Casas, general naval secretary, and Rear Admiral Allara, intelligence chief for the navy. Lambruschini and Hidalgo later conferred for another hour and a half at the U.S. embassy, following a ceremony during which Rear Admiral Lombardo, who was until a short time ago naval attache at the Argentine embassy in Washington, was decorated.

Questions and Assessment

Mr Hidalgo asked many questions. He asked about Argentine relations with his country, about the overall Argentine view of the continental situation, and he asked for views with regard to each of the developing continental problems and in particular those areas involved in his tour. In other words, this man, affiliated with the sectors with the greatest traditional influence in the Pentagon, where he was a colleague of Forrestal, came to hear views and to assess the atmosphere.

The Argentine naval officers answered his questions, one by one and in detail, knowing that their visitor was not only a member of the United States Security Council, but that his views are carefully heeded by Secretary of Defense Brown. They were, after all, hosts to the highest U.S. official who had visited the country since Goodpastor, who moreover had not been sent in January as a government official, but as President Carter's adviser.

The Humphrey-Kennedy Amendment

Hidalgo did not leave Argentina burdened with recriminations, such that on returning to Washington he will be able to confirm that there is a new atmosphere enveloping relations between Argentina and the United States since the beginning of the year. The tale would have been different, certainly, had he come in 1979 or earlier.

The readers with greatest familiarity with military affairs will wonder at this point if the Argentine naval officers should not have gone in depth into the question of the Humphrey-Kennedy Amendment, whereby U.S. military aid to Argentina is entirely suspended. The subject was discussed, as is natural, by both parties, but in a tone and with the perspective dictated by the following immediate background factors: 1) for a certain period of time now, the Democratic administration has been letting it be known "sotto voce" that with the installation of the next Congress, the White House could persuade the legislature to approve a modification of the effects of the Humphrey-Kennedy Amendment in the case of Argentina; and 2) General Graham, when he was in Buenos Aires several weeks ago, stated on behalf of Mr Ronald Reagan that if the Republicans win the elections in November, Argentina can immediately forget the implications of that amendment.

But something more needs to be said. The Argentine navy did not participate in Operation Unitas in 1978, an exercise carried out every year by the U.S. Navy jointly with the South American countries. That decision was an expression of protest against the sanctions applied against Argentina by the United States.

Argentine participation in Operation Unitas was renewed in 1979. Now, just a few months away from the next such operation--it will be carried out in September and October--there is the impression that at some point a tacit understanding was reached, whereby the United States will compensate Argentina for that intervention, according to the traditional practices in this field.

The Repercussions of an "Affair"

Hidalgo's visit to Buenos Aires was decided upon after some backing and filling by the United States caused by the desire to avoid arousing any harsher feelings for the White House on the part of the Chileans than they already had. As is known, the United States decided to carry out Operation Unitas in 1980 without Chile's participation, in a gesture designed to emphasize that the Letelier affair and the refusal of the Chilean courts to grant the extradition of two military officers of that country still weigh heavily in the relations between Washington and Santiago.

Since the Beagle question moreover still remains unresolved, the Americans contemplated cancelling Hidalgo's visit to Buenos Aires in order to avoid making the contrasting difference in the situations with Argentina and Chile so obvious. The fact that Hidalgo did finally come therefore shows the importance accorded by the United States to our country, within the perspective suggested by the present U.S. concern with various maritime areas and among others and in particular the Atlantic Ocean areas.

Strengthening Links

Without a doubt, Mr Hidalgo and those accompanying him--among others, Vice Admiral Silvester Poley, chief of planning, policy and operations for the general staff of the U.S. Navy--have met with an obvious welcome here when it comes to a study of the need to strengthen links between Argentina and its natural allies in the Atlantic.

Nowadays, on this matter, Argentina is not putting forth proposals but is listening. It is only too familiar with the difficulties encountered by Brazil--the heir and beneficiary of the old Portuguese interests in a part of black Africa--in reaching a formal understanding to include South Africa in the joint defense of the South Atlantic. Argentina also knows that the international difficulties the South Africans are having are so acute as to make a naval agreement characterized by bilateral terms impossible.

But it does not appear as if Argentina can ignore the possibility of a compromise with South Africa if such should develop and the United States

were prepared to participate. No such thing has developed yet, but as a hypothesis it merits consideration and assessment in advance, in the light of the new international situation.

Meanwhile, Argentina has been affiliated since the 1960s with Brazil and Uruguay through what is known in the military sector as the South Atlantic Maritime Area Coordination (CAMAS). Argentina and Brazil take turns in presiding over this organization. This is a function which in our case falls to the chief of operations of the general staff of the navy.

In the years to come, Argentine military commanders and diplomats and those of potential allies of our country must decide whether what has been done is sufficient for the defense of the South Atlantic, and whether doing something new is possible.

5157

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STUDY SHOWS POPULATION CHARACTERISTICS, DISTRIBUTION

La Paz PRESENCIA in Spanish 29 Jun 80 pp 1-2 Sec 2

[Article by Augusto Soliz Sanchez]

[Text] The purpose of this document is to show the fundamental characteristics of the Bolivian population, with special reference to the labor force, which is also known in censuses as the "economically active population" or simply the "active population."

First, then, we will discuss the general characteristics and principal demographic indicators of the Bolivian population, projected for the period between 1970 and 1975. Then we will present a very general picture of the characteristics of the labor force according to the 1976 National Population and Housing Census.

I do not want to begin this discussion without first letting it be known that the opinions expressed here are to a large extent my own responsibility; they are not the official opinion of the National Statistics Institute.

1. The Bolivian Population

a) Size

The Bolivian population, as counted nominally in 1976, totaled 4,613,486 inhabitants. At present projections are being made of the nation's population for the period 1950-2000. However, a preliminary estimate of the national population for the middle of 1979 yielded the figure of 5,423,000 inhabitants.¹

The size of Bolivia's population gives it relatively little significance compared to the total population of Latin America in general, and that of the Andean Group in particular. In fact, out of the total population estimated for Latin America in mid-1980, the Bolivian population constitutes approximately 1.5 percent; it makes up 7.6 percent of the population of the Andean Group (excluding Chile).²

b) Population Growth and Components

During the period between the censuses of 1950 and 1976, Bolivia's population grew by 70.6 percent. Between 1975 and 1980 the annual mean growth rate was calculated at 2.44 percent.

This growth rate can be considered moderately low when compared with the corresponding figures for other countries in the region. For example, during the period 1970-1975, Peru's population grew at a rate of 2.8 percent a year; Venezuela's at 3.4 percent; Chile's at 1.7 percent; Argentina's at 1.3 percent; while Latin America's population as a whole grew by 2.7 percent annually during that period.)

From the demographic point of view, there are three fundamental components of population growth: fertility, mortality and migration. Let us look briefly, then, at these components in terms of the Bolivian population, with reference to the 5-year period between 1970 and 1975.

Fertility:

In the first place, with regard to the process of reproduction of the Bolivian population, that is its level of fertility, estimates for the period 1970-1975 were made indirectly. In other words, they were made without using the birth statistics normally used, due to deficiencies plaguing the vital statistics system in terms of the scope and quality of data.

Thus, the basic data utilized for the estimates are the National Demographic Survey of 1975 and the Census of 1976. This information has been used to estimate the Overall Fertility Rate (OFR), or the average number of children borne by each woman by the end of her childbearing years. The OFR for 1970-1975 was estimated at 6.5.⁴ This rate is considered quite high in relation to that of other countries. For example, Argentina's OFR for the same period was set at 2.96 children per woman; Cuba, 3.47 children; Chile, 3.33 children; Ecuador, 6.50 children (although there is a certain similarity between Ecuador and Bolivia); El Salvador, 6.33 children; Mexico, 6.46 children; and Peru 6.60 children.

Consequently, the fertility level of the Bolivian population is rather high compared to other countries in the region, not to mention developed countries, where fertility is also quite low.

Mortality:

With regard to mortality, the life expectancy at birth in most of Bolivia's population would indicate a rather high rate. The most recent calculations for the period 1970-1975 indicate that the life expectancy for both sexes is 46.8 years; it is 44.7 years for men and 49.0 years for women.)

Certainly these low life expectancy figures are due in large measure to the high infant mortality rates. In other Latin American nations, the life expectancy has already surpassed 60 years by a considerable amount, for the 1970-1975 period. Such is the case with Argentina, with 68.19 years; Costa Rica, 68.08 years; Cuba, 70.94 years; Mexico, 63.22 years; and the countries that are near 60 years are: Peru, with 54.55 years; Guatemala with 54.61 years, and El Salvador with 59.07 years.⁶

International Migration:

The third component of demographic growth is migration, in this case, international migration.

Much is said and written about this subject, but there is no acceptable empirical basis; that is, there is no statistical information available to determine the magnitude and principal characteristics of this phenomenon. However, there is general agreement that the net migration of the Bolivian population is persistently negative. By the end of the last decade some authors were making very disparate estimates of Bolivian emigration. For example, Antezana calculated that in 1967 784,000 Bolivians resided in Argentina; Aguile and Llano, on the other hand, estimated in 1967 that there were 304,019 Bolivians living abroad; meanwhile, Ayeranga pegged the emigrant population of Bolivians at 600,000 in 1970.⁷

Of course very little is known about the real extent of international migration. At any rate, it is most probable that its impact on population growth is negative; in other words, the number of emigrants is greater than that of immigrants.

c) Structure by Sex and Age

The Bolivian population is characterized by a "youthful" structure. A little over 40 percent of Bolivians are under 15 years of age; only 4 percent of the population is over 65 years. Fifty-five percent of the population is between the ages of 15 and 64.

In Bolivia's case, the age pyramid has a broad base, which is typical of a country with a high fertility rate. This means that those under the age of 15 represent a large sector of the population, as mentioned earlier.

As far as the sex structure is concerned, the female population is slightly larger than the male population. According to the 1976 Census, for every 100 women there are 97.4 men.

d) Spatial Distribution of Bolivian Population

Population by Urban-Rural Areas:

Assuming the demographic criterion that considers an urban population to be any one which lives in localities with 2,000 or more inhabitants, and a rural

population to be any one which lives in localities of fewer than 2,000 inhabitants, we are attempting to establish a first general impression of the population distribution within our national territory. Based on the results of the 1950 and 1976 censuses, then, we can state that urbanisation has been on the rise during the period between the censuses, in the following manner:

**Bolivia: Total Population by Urban/Rural Area of Residence
1950 and 1976 Censuses**

Area of Residence	1950 Census ¹		1976 Census	
	Population	%	Population	%
Total	2,704,165	100.00	4,613,486	100.00
Urban*	699,297	25.86	1,925,840	41.74
Rural**	2,004,868	74.14	2,687,646	58.26

*Urban population: Localities of 2,000 or more inhabitants

**Rural population: Localities of fewer than 2,000 inhabitants

¹Source: Jorge Somoza and Luis Llano, "Bolivia, Proyección de la Población" [Bolivia, Population Projection], Latin American Center of Demography (CELADE), Series C No 9, Table 16, Page 32.

2. The Labor Force

Throughout human society there is an economic base which is activated by human labor for the production of domestic goods and services. However, not all of society participates in this economic activity; only part of society does: that which is able to work.

The portion of the population that is able to work is usually estimated first of all as a function of age. That is, a certain minimum working age is taken into consideration to determine the potential manpower that exists in a given society. Not all people of working age, however, belong to the labor force.

Now, the "economically active" population includes all people who contribute to the labor supply for the production of economic goods and services during a given period. In the National Population and Housing Census of 1976, the reference period was the week before census day, and the population surveyed consisted of people 7 years or older.

According to the population censuses, the labor force constitutes an accurate inventory of the human resources available to an economy. Consequently, according to the 1976 census, the Bolivian labor force during the week before census day amounted to 1,501,391 people, of whom 1,164,619 were men and 336,772 were women.

These figures indicate a relatively low level of economic participation among the population, particularly in the case of women. In fact, the Gross

Activity Rate, which measures the ratio between the labor force and the total population, was only 32.5 percent for both sexes, 51.2 percent for men and only 14.4 percent for women.

These indices indirectly represent a high rate of dependency among the inactive population with respect to the active population. One factor that affects these figures, however, is the age structure of the population.

Thus, in order to mitigate the effect of this factor, another index known as the Refined Activity Rate is commonly used. It reflects the ratio of the work force to the working-age population. This rate, according to the 1976 census, is 41.6 percent for both sexes, 65.8 percent for men and 18.3 percent for women.

These statistics confirm the low level of female participation on the job market; at the same time, the obvious superiority of men's participation on the job market is clear.

Let us now comment on the structure of the labor force by economic sectors, by principal occupational groups and by occupational category.

a) Structure of the Labor Force by Economic Sectors

Based on the information related to the activity carried out by the establishment where the employee works or worked (if he is unemployed), labor force data were classified according to economic activity categories, using the Uniform International Industrial Classification of the United Nations.

For the purposes of this study, the activity categories have been divided into three economic sectors: primary, secondary and tertiary, following the usual classification used in economics. The primary sector includes agriculture, forestry, hunting and fishing; the secondary sector covers manufacturing industries and mining; and the tertiary sector includes commerce in general, construction, electricity, gas and water, transportation and communication, financial institutions, personal services and other services.

According to the census data, the Bolivian labor force is principally employed in the primary sector (46.2 percent); followed by the tertiary sector (36.1 percent) and the secondary sector (13.7 percent).

This situation is more accentuated in the case of men, of whom more than 50 percent work in the agricultural sector; approximately 30 percent of them work in the agricultural sector [as published]; about 30 percent work in the services sector, and a little over 12 percent work in the industrial sector. More than 50 percent of the female labor force is in the tertiary sector, while about 25 percent work in the primary sector and less than 20 percent are in the secondary sector.

This sectorial structure of the Bolivian work force reflects, to a certain extent, the low level of development of the Bolivian economy; and the low rate of participation in the industrial sector is probably due to the latter's weak role in the demand for manpower. The "tertiarisation" of the labor force seems to be more a result of the growth of low productivity activities than of a structural transformation of the economy.

b) Structure of the Labor Force by Principal Occupational Groups

The determination of the main occupation of the work force during the period of reference adopted by the 1976 census allowed for the formulation of the occupational structure of the Bolivian labor force, based on the International Uniform Occupation classification of the International Labor Organisation.

According to the data obtained, nearly 50 percent of the Bolivian labor force is made up of farmers and ranchers, which explains the preponderance of the primary sector in the sectorial structure of labor mentioned in the above section. Artisans and laborers constitute nearly 20 percent of the work force, and hold second place in the relative ranking. The third largest group is made up of people who work in personal and related services (8.6 percent); merchants (6.1 percent) and office workers (4 percent). Professionals and technicians make up about 6 percent of the labor force, while managers and administrators represent less than 1 percent.

For the above-mentioned reasons, the occupational structure of the Bolivian labor force consists mainly of people with few skills, since almost half of them work in agricultural activities which have low productivity; people holding more skilled jobs make up only 6 percent of the labor force, which in relative terms makes them a minority compared to farmers, artisans and laborers.

d) Structure of the Labor Force by Occupational Categories

Occupational category refers to the position the employee holds in the establishment where he works or worked (if he is unemployed); in other words, it denotes the relationship between an employee and his job. The occupational categories generally investigated in the population censuses are the following:

Employer: a person who runs his own economic enterprise or who practices a profession or trade under his own auspices, and who has one or more employees on wages or salaries.

Self-employed worker: a person who runs his own economic enterprise or who practices a profession or trade under his own auspices, but who has no salaried or wage-earning employees.

Employee: a person who works for a public or private employer and who earns a remuneration in the form of a wage, salary, commission, tip or payment in kind.

Non-remunerated family worker: a person who performs a given minimum of work without pay (constituting at least one-third of a normal work day) in an economic enterprise run by a relative who lives in the same home.

Now, according to the 1976 census data, 50 percent of the total work force consists of self-employed workers; the next largest category consists of employees, who make up 40 percent of the labor force (15 percent blue-collar and 23.1 percent white-collar). Non-remunerated family workers make up less than 10 percent of the total, while employers or bosses do not even reach 1 percent.

The situation is similar in the male and female work forces, so there would be no point in going further into this matter.

However, it is worth noting that the structure of the Bolivian labor force by occupational category is typical of an underdeveloped economy in the context of the Western Hemisphere.

The high percentage of self-employed workers and the concentration of the work force in the primary sector, along with the fact that nearly 50 percent of all workers are farmers, mean that the greatest supply of manpower can be found among unskilled rural workers. This in turn indicates a lack of trained human resources for undertaking urgent tasks in the nation's development process.

Now I return to the original point of my discussion:

Does Bolivia's population pose a problem for the nation's development?

What measures should be taken if it is deemed necessary to modify the levels of fertility and mortality?

How can we stop the flow of human resources to other countries?

FOOTNOTES

1. Latin American Center on Demography (CELADE), "Boletín Demográfico No 22," Santiago Chile, July 1978, Table 1, Page 8.
2. CELADE, Op. Cit.
3. CELADE, "Boletín Demográfico No 23," Santiago Chile, January 1979, Table 3, Page 110.
4. Soliz, A. and Bartleson, J. "La situación reciente de la fecundidad y la mortalidad en Bolivia: Una revisión," [The Recent Fertility and Mortality Situation in Bolivia: A Revision]. Document prepared for the Panel on the Latin American Demographic Situation, Santiago Chile, July 1979.

5. Solis, A. and Bartlema, J. Op. Cit.
6. CELADE, Op. Cit., Table 2b.
7. A more detailed analysis can be found in Solis, A. "La fecundidad, la mortalidad y la migracion internacional de la poblacion de Bolivia, 1950-1975," [Fertility, Mortality and International Migration in the Bolivian Population, 1950-1975]. Final research project, Advanced Course on Demographic Analysis, 1977-1978, CELADE, San Jose Costa Rica.

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8926

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DETERIORATION OF JUDICIAL SYSTEM ANALYZED

La Paz PRESENCIA in Spanish 28 Jun 80 pp 3, 17

[Article by Alvaro Pares del Castillo]

[Text] After many years, specifically since the overthrow of Dr Luis Adolfo Siles, the country returned last year to the rule of law, with just a few days' interruption last November. That process of civil liberties, that practice of democracy, has clearly exposed the weakness of the Bolivian judicial structure and the desperate efforts by those who favor the autocracy to prevent the consolidation of legality, or the constitutionalization of the country. Many citizens, on the other hand, have associated liberty with anarchy and dictatorship with order. Thus it is important to determine once again what is the real and profound origin of the erosion of the Bolivian government on all levels, and the root of the economic crisis which goes hand in hand with that weakening.

In this manner, when we condemn the succession of attitudes and words expressed by people who, representing all kinds of institutions, entities and organizations, consciously or unconsciously ignore their legal position within the framework of the state structure, we cannot fail to note that this typically antijudicial clamor is not the result of the democratic process, but a response to that process which is a consequence of an earlier trend toward the liquidation of the legal system. That trend was begun quite some time ago. The phenomenon evidently goes far beyond the rebellious nature of our population, or the ignorance of legal provisions in general, which seems to characterize people of all classes. For these reasons, and with a pedagogical rather than polemic purpose in mind, we will note that the origin of the state, its legal structure and organization have concerned scholars since time immemorial and have led to myriad interpretations.

The principle of authority, the right to rule and to establish norms of conduct for other men, has been justified in absolute monarchies as the exercise of a divine privilege. Democracy, on the other hand, arose from the concept of the social contract, the general will as conceived by the Encyclopedists and Rousseau. This theory was expressed historically in the formidable explosion of the French Revolution. Totalitarian theorists, in turn,

based their theories on the supremacy of races or on nebulous speculation about ideas and reason, while historical materialists and Marxist philosophers who subscribed to dialectical materialism define the state as one more product of the class struggle.

It is obviously impossible to give a complete survey of political and philosophical thought in this brief synthesis; therefore, we shall indicate that evidently whatever the theoretical explanation is, the state presents its legally and politically defined objectives and its organization within a juridical framework, regulating the manner in which the power granted to the people is distributed, and finally controlling the norms of its operation. For this reason, in all modern states there is an executive branch which administers and orients the state machinery, a legislative branch which passes and enforces the legal norms that govern the state and its inhabitants, and a judicial branch which defines the conflicts among citizens and between them and the state. But this constitutional structure--both juridical and legal--is precisely that which has been progressively deteriorating since 1964, with the help of hegemony and personal arbitrariness, which always characterize authoritarian governments. That process has naturally led to the decline and deformation of the values which make up the foundation of Bolivian government institutions. This is the inevitable consequence of a disregard for legality on the part of top officials. This is how the rule of law begins to become diluted, and the floodgates are opened to anarchy.

De facto governments, because of their illegitimacy, must disregard the right to opposition, to criticism and to protest. Therefore illegality, totalitarianism, tyranny, dictatorship and oppression are identical political figures, interrelated and inseparable. Formal, unprecedented democracies, then, do not exist according to modern political law and contemporary practice, since the system itself expresses the people's right to govern themselves and to choose their own historic path. That is the theoretical basis of the different types of democracy that are practiced in the world today. So-called historic compromises and Eurocommunism are part of the tendency to conciliate political pluralism with freedom, in the name of the very social change which is the guiding light of contemporary societies.

It is obvious, moreover, that the extreme right (which generally becomes totalitarian in underdeveloped countries) as well as the utopian, childish and impatient left, both seek forceful regimes that ignore the will of the people. The capitalist right correctly feels that arbitrary governments open up magnificent opportunities for its predatory tactics, permitting overnight wealth because the elimination of control and legal restrictions makes everything much easier in the world of finance and business.

The leftists who do not believe in democracy because it does not lend itself to their ways, want to destabilize the democratic process, trying to find channels through which they can make progress on the road to socialism and

the annihilation of the values which make up part of the superstructure of Western capitalism.

Both the right and the anarchist left, due to their lack of popularity and theoretical basis, would scarcely be able to mobilise sufficient forces to destroy the system; for that reason they seek an indispensable ally, a lever and support, such as the one Archimedes sought to move the world. It is thus at the apex of this ambition that we find the military organisations intervening in the political struggle with a variable compass. Incidentally, it is important to stress the key theory set forth in the magazine CLARIN under the suggestive title "1980 requiem para la pseudo democracia" [1980 Requiem for Pseudo-democracy], "Informe especial: Las FF. AA. en la Bolivia semicolonial" [Special Report: The Armed Forces in Semi-colonial Bolivia], March 1980. That issue contains several articles advocating a new People's Assembly, similar to the one which was disbanded in 1971, but with the addition of the active intervention of the armed forces within the context of a Velasquista regime. Mutatis mutandis, however, let us recall now that the elimination of democracy in Latin America, the first step toward leaving our people vulnerable to merciless exploitation (by their own kind rather than by foreigners in the case of Bolivia), took place during the sixties, when the Pentagon policy was followed. That tactical position has recently been replaced by a less brutal policy because of the failure of Pentagonism when it pitted the masses against the United States of America.

This is the origin of the human rights policy, the policy of supporting democratization, which represents a strategic turnaround. As the magazine APERTURA so aptly points out in its analysis of the factors working against a military uprising in Bolivia, this policy places the Soviet Union in the immoral position of supporting dictators and totalitarians on the basis of commercial pragmatism, as opposed to the ideological bases of their national existence.

That is why Carter's policy is an important variable in the international chess game. It denies just cause to the adversary, and helps soften the traditional policy of massacres, brutality and violation of human rights, which has cost the people of our brown-skinned America so many tears and so much pain.

Getting back to Bolivian politics, we must point out that a military organization in which discipline, professional capacity, technological level and moral values are the norm, has the sympathy and support of all citizens of this country. The armed forces are evidently a factor of cohesion and development within the framework of our rugged terrain and the social and political problems that stem from secular exploitation; but in order for this military scheme to be valid, the organization as a whole, and especially those who lead and represent it, must acknowledge and obey the law, and thus respect the organization of the state. They must strengthen the state in the name of that political football, national security. The armed forces, then, are the antithesis of anarchy.

Unfortunately, that is not what has happened when the military has refused to recognise the organization of the state. It has gone from an institution dependent on the executive branch, to the main ingredient in anarchy. It has exploded hypertrophically into a new parallel power not recognised by legislation or by the Political Constitution. That defiant attitude of attacking and slandering the civilian nation represented by Congress, has attempted to impose a humiliating guardianship on us, a status that does not exist legally and that is offensive to a nation with a 150-year history and a tradition of sacrifice in war and peace.

But these attitudes have not just damaged the civilian population to whom they have thrown down the gauntlet; they have also harmed the military itself, which made public its dissent in November. This dissent was manifested later in the strife that preceded the changes in command. The weakening of the internal rules of the armed forces was also the result of the dictatorship, as we can see when we consider the long list of victimised generals who were kicked out, retired or deactivated during that decade. Therefore, both for civilian organisations and for the military, it is imperative for national survival that we reestablish the rule of law, departing from its principal source, democracy.

Finally, let us note that the only way to prevent foreign intervention, whether direct or indirect, is to apply normative and civilized concepts to our national life, avoiding confrontations and burying forever the inalienable right to destroy our own country. Apparently, it is the latter right that is being proclaimed by some circles of opinion--happily in the minority--who until recently were rabidly pro-imperialist.

Santa Cruz, June 1980

8926

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STRUCTURE, ROLE OF PORT SYSTEM IN DEVELOPMENT VIEWED

Rio de Janeiro JORNAL DO BRASIL in Portuguese 27 Jan 80 pp 44, 45

[Text] The process of heightening national awareness of the problems associated with the "political opening"; with the efforts to combat the specter of inflation; and with the conquest of new markets for Brazilian products, in an effort to cope with our dependence on foreign sources by achieving an equilibrium in the balance of payments (especially where petroleum and petroleum products are concerned), will be characterized in the coming decade by substantial changes in the social, political and economic context of Brazilian society. The determinant role in this context will be played primarily by the national port system, given the fact that more than 95 percent of our exports are made via maritime transport.

It remains therefore to know, and to evaluate, the extent to which the ports will be able to achieve the maximum operational efficiency by installing equipment that will appreciably reduce the incidence of paralyzation and delay of cargo in their facilities. Total coordination between the internal land transport infrastructure, on the one hand, and the exporters and shipowners has also become indispensable, in order to expedite the flow of cargo from the points of production to the ports and immediately aboard ship. This coordination therefore embodies a strategy that is capable of ensuring the success of an aggressive policy of exportation.

Development of the Port System

The process of development of the Brazilian port system was under way at the close of the last century. More than 70 years later the principal Brazilian ports were choked by disorderly urban growth, and their installations and operations were being stymied by urban transportation routes congested by the development of the automobile industry. Moreover, limitations had to be imposed on the draft of vessels using the ports, because of the fact that development had failed to keep pace with the changes periodically taking place in the shipbuilding industry, including the introduction of vessels whose capacity exceeds 300,000 DWT. To adapt the port system to the new era, the First Master Port Plan of Brazil was completed in 1974 and is currently in the final stage of implementation by the Ministry of Transportation through the instrumentality of PORTOPAR [Brazilian Ports Enterprise].

With the establishment of the National Port Fund in 1958, the port experts working on the problem began implementation of a new philosophy--one oriented toward the construction of ports in areas that provide land access, space for future expansion, maritime access compatible with the flow of cargo, and available sites for the creation of industrial complexes in order to lower the cost of intermediate transportation. This period saw the development of the ports of Itaqui, in Maranhao; Aratu, in Bahia; Aguas Claras, in Rio de Janeiro; Malhado and Ilheus, in Bahia; the terminal at Tubarao, in Espirito Santo; the fertilizer terminal on the left shore of the port of Santos; and the industrial port complex of Rio Grande.

The Master Plan of 1974 retained this philosophy, and implementation of the plan definitively consolidates the concept, so that it is now possible to visualize the port system as having a minimum horizon of 30 years of full utilization of the new complexes that have been established or are in the developmental stage. The government intends, moreover, to maximize utilization of the ports by enlarging the docks, by acquiring new equipment (cranes, forklifts, floating cranes), and by not only maintaining the equipment in satisfactory operating condition but also adapting it to new modalities such as the roll-on-roll-off ["ro-ro"] and container systems of transport, which should make a substantial contribution to implementation of the policy of rationalizing the use of fuels through integrated ship-port-train (and, as an alternative, ship-port-truck) operations.

For the short term, the Federal Government has already provided facilities for the "ro-ro" system at the ports of Santos, Rio de Janeiro, Salvador and Recife, primarily as an incentive to coastwise traffic. This will prevent wastage of petroleum products and offer a safe and efficient alternative method of transporting goods destined for the Brazilian consumer.

Export Corridors

The Ministry of Transportation in 1973 conceived the "Export Corridors" program in order to vitalize the ports by lowering costs and facilitating the conquest of the foreign market and in this way to achieve greater success in the area of export policy. Since that time investments have been made on a priority basis in the land transport infrastructures--railways and highways--as well as the port system. Initially, the ports of Vitoria-Capuaiba, Santos, Paranagua and Rio Grande were selected as points of convergence under the policy of exportation; and subsequently, the ports of Sepetiba, Barra do Riacho, and Praia Mole. The salt terminal of Areia Branca also began to earn foreign exchange when in 1976 it initiated salt exports to the United States. The selection of the above-mentioned ports was made on the basis of production facilities--and rail and highway links--that were already in existence or scheduled for construction or expansion. Agricultural products (soybeans, corn and cellulose); iron ore and semifinished products; and salt already have access to port installations and are on the list of exports alongside the traditional coffee (Santos, Paranagua and Rio de Janeiro), sugar (Recife and Macao), and cacao (Ilheus).

Port projects typically consist of undertakings that require sophisticated techniques; in some cases, in addition to its feasibility studies, FURTCERAS carries out (through the Institute of Waterways Research) studies on a reduced scale that are designed to achieve technical perfection and increase the margin of security for governmental investments.

During the first stage of the "Export Corridors" program the ports of Santos, Paranaguá and Rio Grande had adapted some storage installations and modernised the mechanical systems for the unloading, consolidation and loading of grain with equipment that has an excellent operational index (1,500 tons per hour for unloading and 3,000 for loading). The remaining investments for the program were successively made, resulting in a level of development that enables the port system to be completely adequate to the overall export program planned for the 1950's.

Rio Grande do Sul Corridor

In Rio Grande do Sul State the highway-rail-waterway system is being employed extensively. The water transport network reaches the port of Rio Grande via the Jacuí-Taquari waterway and the Lagoa dos Patos; railways and highways also serve this principal southern port. At Estrela, on the backwater of the Taquari River, the Ministry of Transportation has established a highway-rail-waterway junction to receive freight from trains and trucks and transfer it to barges which take it to Rio Grande. Use of the inland water transport network is increasing constantly, and this fact demonstrates the awareness of the users with respect to the most suitable means of transportation.

A TTS (Wheat and Soybean Terminal) is under construction at the port of Rio Grande. It will be the largest port installation in Brazil, and after its completion the movement of grain and beans into the TTS alone will be 11 million tons per year. The installations consist basically of a dock 412 meters in length and 14 meters in depth, designed to accommodate six barges; a vertical silo with a static capacity of 130,000 tons, designed to hold wheat and soybeans; two horizontal warehouses, each with a capacity of 65,000 tons, for the storage of soybean meal and cake; a facility for the unloading of trucks and freight cars; a railway classification yard; and a highway-railway connection point. The Wheat and Soybean Terminal will be operated with sophisticated equipment that will make it possible to handle up to 3,000 tons per hour of grain and beans; and a 70 percent "index of nationalization" has been achieved with respect to the equipment.

The federal government is in this way taking care to apply its mechanisms in such a manner that the port infrastructure will be prepared to make a continuing contribution to the process of national development. The construction of facilities, the operation of dredging services, and the acquisition of equipment are the constant concern of the authorities.

In the first quarter of 1980 the movement of cargo in the port of Rio Grande totaled 1,740,271 tons, representing an increase of 34 percent over the volume handled in the same period of last year. These statistics assume increased importance when you take into consideration the delay that occurred in the soybean harvest, the movement of which should have begun in the month of March.

The soybean harvest got under way in April, accompanied by an intensification in the movement toward the river (and principally toward the industrial installations) of cargo destined for export. This delay in the start of the soybean harvest created a situation that posed a challenge to the transportation system of Rio Grande do Sul, because the demands on the system which are generated by the soybean complex always make this the peak period of the year for the system.

In the first quarter of 1980 the movement of cargo (1,137,107 tons) on SR-6 [Regional Superintendency 6] of the Federal Railway Network (RFTSA) in the State was greater by 35 percent than the figure for the same period of 1977.

It is estimated that between the first of May and the end of June 1980 tons of soybeans will be transported to Rio Grande do Sul for domestic consumption and 250,000 tons for export, while the movement of soybean meal is expected to be at the rate of 400,000 tons per month. At the end of June (the high point of demand) the movement is expected to exceed 800,000 tons and thereby require that the governmental authorities and private entrepreneurs involved in this sector make a maximum effort to improve the systematization of the work.

To this end the Ministry of Transportation has been making a series of agreements with producers, exporters, carriers and governmental authorities, and various measures have already been adopted as a result. All of these measures reflect the general consensus of the parties concerned, who agreed on a set of regulations (through CNDIA) with respect to agricultural products and on a Protocol of Procedures for manufactured products. Both measures contain general norms that result greater activity in the port and on the transportation routes to the port zone, with a view to ensuring that the record crop harvested this year will be shipped without problems.

Esprito Santo Corridor

The structure in Esprito Santo State is one of the most complex in Brazil. It includes two private iron ore terminals: one at Tubaran, operated by the Rio Doce Valley Company, and the other at Uru Eilat, operated by SA APOQ. The Ministry of Transportation has completed the first stage of the Capanga port complex, across from the existing port of Vitória. The complex includes areas sufficient for expansion; a dock 700 meters in length and 10 meters in depth; a vertical pile with a capacity of 30,000 tons; mechanized equipment linking the pile to the dock; a

storage yard for iron and steel products; highway and rail access; and administrative buildings. Capuaba has been fully in operation since January 1979. A short distance above the new port, FORTOURAS and SIDERURAS [Brazilian Iron and Steel Corporation] are scheduled to begin construction of a combined port and industrial complex linked to the Tubarao Steel Plant, and also to supply raw material (coal) to the steel mills of the region (USIMINAS [Minas Gerais Iron and Steel Mills, Inc], ACOMINAS [Minas Gerais Steel Company], and others). At Barra do Riacho, in the northern part of the state, a specialized port for the export of cellulose and the import of basic producer goods is in operation, and it is anticipated that Amcel Celulose and other companies in the sector will be able to ship their products under operational conditions that are appropriate to the products.

In this corridor--which consists of a transportation network of 5,054 kilometers of railways and 7,914 kilometers of highways linking the Vitoria port complex with the production sectors of three states (Minas Gerais, Bahia and Espirito Santo)--the demand for transportation is increasing sharply. During the first quarter of 1980, 2,837,000 useful tons (UT) were transported by rail as opposed to 1,908,000 UT during the same period of 1979, for an increase of 48.7 percent; with reference to the same quarter, the increase in terms of useful ton-kilometers (UTK) was 31.7 percent.

To cope with this dizzying increase in the demand for transportation the Federal Railway Network is adopting a policy of substantial modernization and reorganization of its principal yards in the Greater Belo Horizonte area, seeking thereby to optimize the movement of cargo even further in order to obtain a more rational and operational flow of traffic. The RFFSA is also attempting in this way to reconcile the needs of its clients with the governmental objective of reducing--by means of the Energy Plan--the consumption of fuel.

The following table shows clearly the increased rate of growth in exports of cargo via the Vitoria Port Complex in the period January through March of 1980 as compared with the same period of 1979:

	<u>1979</u>	<u>1980</u>	<u>Percentage of Increase</u>
Dry bulk cargo	12,911,637	14,426,103	42.7
Liquid bulk cargo	397,656	436,053	9.7
General cargo	164,044	200,837	71.7
Containerized cargo	<u>231</u>	<u>2,330</u>	<u>1000.0</u>
Total	13,473,478	15,145,353	42.1

With respect to the movement of cargo in Barra do Riacho, the export of cellulose recorded a substantial increase of 72.4 percent: from 36,000 tons in 1979 to 62,000 in 1980. The movement of iron ore increased by 45.7 percent: from 12 million tons in 1979 to 17 million in 1980.

The export of pig iron recorded an even greater increase: from 100,550 tons in 1979 to 273,414 tons in 1980, up 57.7 percent.

No less significant are the figures for foreign exchange revenue earned at the Port of Victoria in January and February of this year: approximately 13 billion cruzeiros was earned, with iron ore and pig iron accounting for 61 percent of the total.

Rio de Janeiro Corridor

The port of Sepetiba (developed through the intermediary of the Rio de Janeiro Dock Company) is expected to exercise a decisive influence on the evolution of strategy with respect to exports. It will be the terminal for the loading of iron ore and the unloading of coal, and will also be able to handle "pellets." The first stage of development of the port is scheduled for completion in early 1981. Maritime access to the port is quite favorable (15 meters in depth); land access is of the first quality; and the various industrial districts being developed to the rear of the port provide an irrefutable guarantee of the viability of the large-scale investment mobilized to date. The existing Port of Rio de Janeiro will handle the movement of general cargo and accommodate a substantial increase in "re-ro" and container cargo.

By virtue of the volume of cargo it moves, and the economic importance of the areas it serves, the Rio de Janeiro Export and Supply Corridor is noteworthy for the contribution it is making to the development of freight transportation in Brazil. This corridor is formed by a transportation system that serves to integrate activities in the domains of land transport, port operations and maritime transport that take place in the geo-economic region of the state and around the poles of economic activity in the adjacent states of Sao Paulo, Minas Gerais and Espirito Santo.

The Rio de Janeiro Corridor primarily handles the loading and unloading of cargo for all of the 54 municipalities of Rio de Janeiro State, as well as cargo from centers of economic activity in the neighboring states--cargo destined for internal consumption within Rio de Janeiro State, or consigned to the complex of ports and highway-rail terminals in the state for subsequent export to other states or to foreign countries.

The "mother pole" of activity in the corridor is of course Greater Rio de Janeiro, which is linked by six major land transportation routes to the agricultural regions, industrial centers and municipal centers of Rio de Janeiro State and adjacent states.

It is over these six major routes that substantial quantities of freight of animal, mineral, vegetable and industrial origin pass from--and to--ports in the sectors of agriculture, stock raising, alcohol, cement, shipbuilding, railway equipment, metals, paper, chemicals, petrochemicals and so forth. The following figures were recorded for the movement of freight over the transportation routes of the Rio Corridor in the first quarter of the year:

Route 1: 5,335,000 UT [useful tons] by rail; 133,000 UT by highway.

Route 2: 1,665,000 UT by rail; 173,000 UT by highway.

Route 3: 227,000 UT by rail; 67,000 UT by highway.

Route 4: 235,000 UT (CSN [National Iron and Steel Company] limestone) by rail.

Route 5: 245,000 UT (cement and limestone) by highway.

Route 6: 20,000 UT by highway.

The continuing increase in the movement of container cargo is another point deserving of emphasis. The yard presently used for handling these cargo crates already needs to be expanded; this will be facilitated with the entry into operation of the installations of the Rio de Janeiro Docks Company at Sepetiba in the second half of next year, for ample space will at that time become available in the existing Ore and Coal Yard adjacent to the Caçu dock.

At Cabo Frio, in the port of Forno, Arraial do Cabo, the work of expanding and strengthening the two existing ways is in the final stage. Two cranes, each with a capacity of 5.6 tons, will be installed there; they will be equipped with "rabs" and used to unload salt for the Alkalis Company.

Parana Corridor

The port of Paranaguá is in actual fact the maritime terminal for Parana, a part of Santa Catarina, southern Mato Grosso, and the Republic of Paraguay. The construction of the Guarapava-Cascavel rail link and the modernization of the line between Curitiba and Paranaguá will bring into existence the "Soybean Railway," making it possible to increase the level of exports and reduce intermediate costs, inasmuch as the greater part of the freight destined for the port is currently transported by truck. In October 1979 a vertical silo with a static capacity of 100,000 tons was delivered, and the Brazilian Dredging Company is systematically carrying out the task of maintaining the approach channel at a minimum depth of 12 meters.

The total movement of cargo at the ports of Parana and Santa Catarina in the first quarter of the year came to 4,251,870 tons, surpassing by 46 percent the total recorded for the same period in 1979. It is expected that this mark will also be surpassed, thanks to the record soybean and corn crops obtained this year in the two states, which account for 40 percent of the nation's total production. The initial estimate of a production of 5.225 million tons of soybeans in Parana was revised to a minimum of 5.4 million tons, while corn production is estimated at 5.11 million tons. In Santa Catarina the estimates are for a production of 434,000 tons of soybeans and 3 million tons of corn, exceeding by 46.6 percent and 92 percent respectively the results achieved last year.

A total of 109,741 tons of soybeans was exported through the port of Sao Francisco do Sul during this period, while the principal import was corn (22,327 tons). A total of 13,483 tons of sugar and 9,045 tons of timber was exported through the port of Itajaí, among other products, while the principal import items were petroleum products and caustic soda (totaling 72,743 tons). The principal items exported through Ibituba were coal (458,950 tons), sugar (33,982 tons) and sulfuric acid (35,942 tons).

Sao Paulo Corridor

The port of Santos, located near the largest industrial district in Latin America, is being expanded by development of the left shore. Already linked by rail to the REFESA/FEFASA [expansion unknown] system by means of a bridge 1,574 meters in length over Bertioja Channel, the installations located there are destined for the import of fertilizers (at Coscoelcaozinha). The first specialized terminal for containers--with 510 meters of dock (two-thirds of the total), 109,000 square meters of fully equipped storage yards, and access by highway--will be able to handle 100,000 containers per year.

Amazonia Corridor

In the first quarter of 1980 the overall movement of cargo in the Amazonia Export and Supply Corridor--which embraces three states (Para, Amazonas and Acre), and three territories (Amapa, Roraima and Rondonia)--recorded an increase of 31 percent over the same period in 1979, despite the fact that Roraima Territory (through the port of Caracaraí) recorded a decrease of 34 percent as a result of the lack of cargo movement in the months of February and March because of the drought.

The type of cargo recording the greatest increase (154 percent) was dry bulk cargo, thanks to the export of kaolin (45,500 tons) through the port of Mucuba; bauxite, (368,586 tons) through the port of Trombetas; and manganese ore (274,874 tons) through the port of Santana, in Amapa Territory.

There was a substantial increase (92 percent) in high-seas shipping, with kaolin, bauxite and manganese exports again playing a leading role. River shipping increased by 12 percent, and coastwise shipping by only 5 percent. A total of 30,153 tons of cargo was handled by the roll-on-roll-off system, using 2,274 carts.

Northeast Corridor

In the first quarter of 1980 the rail transport component of the Northeast Export and Supply Corridor achieved satisfactory results that were 19.2 percent above those obtained in the first quarter of 1979, despite the damage caused by the heavy rains that fell in the region. A total of 435.6 million useful ton-kilometers (UTK) were transported this year as against 369.6 million in the same period of 1979: an increase of 36 million UTK.

In the Northeast Corridor--which comprises the states of Maranhao, Piaui, Ceara, Rio Grande do Norte, Paraiba, Pernambuco, Alagoas, Sergipe and Bahia--the principal products transported in the first quarter were sugar, salt, petroleum products, cement, magnesite, chromite, manganese ore, anhydrous alcohol and corn.

The damage caused to rail transport by the rains that fell in January and February was substantial, especially on the Southern, Central and Northern lines of the Salvador Regional Superintendency (SR-7) of the RFFSA and the Macau branch line of the Recife Regional Superintendency (SR-1) of the RFFSA. The Southern Line of the SR-7 (Salvador) sustained the greatest losses, because of the extensive nature of the physical damage and the lengthy interruption of traffic (from 4 to 23 February). The damage to the Southern Line takes on increased importance in view of the fact that this line is the rail link between the Northeast and the Center-South of the nation and the damage has substantially affected the transport of cement, sacked salt, manganese ore, magnesite and petroleum products, together with other cargo of economic importance. Traffic was also interrupted on the Macau branch line for the period 5-20 January, and this had a negative impact on the transport of salt.

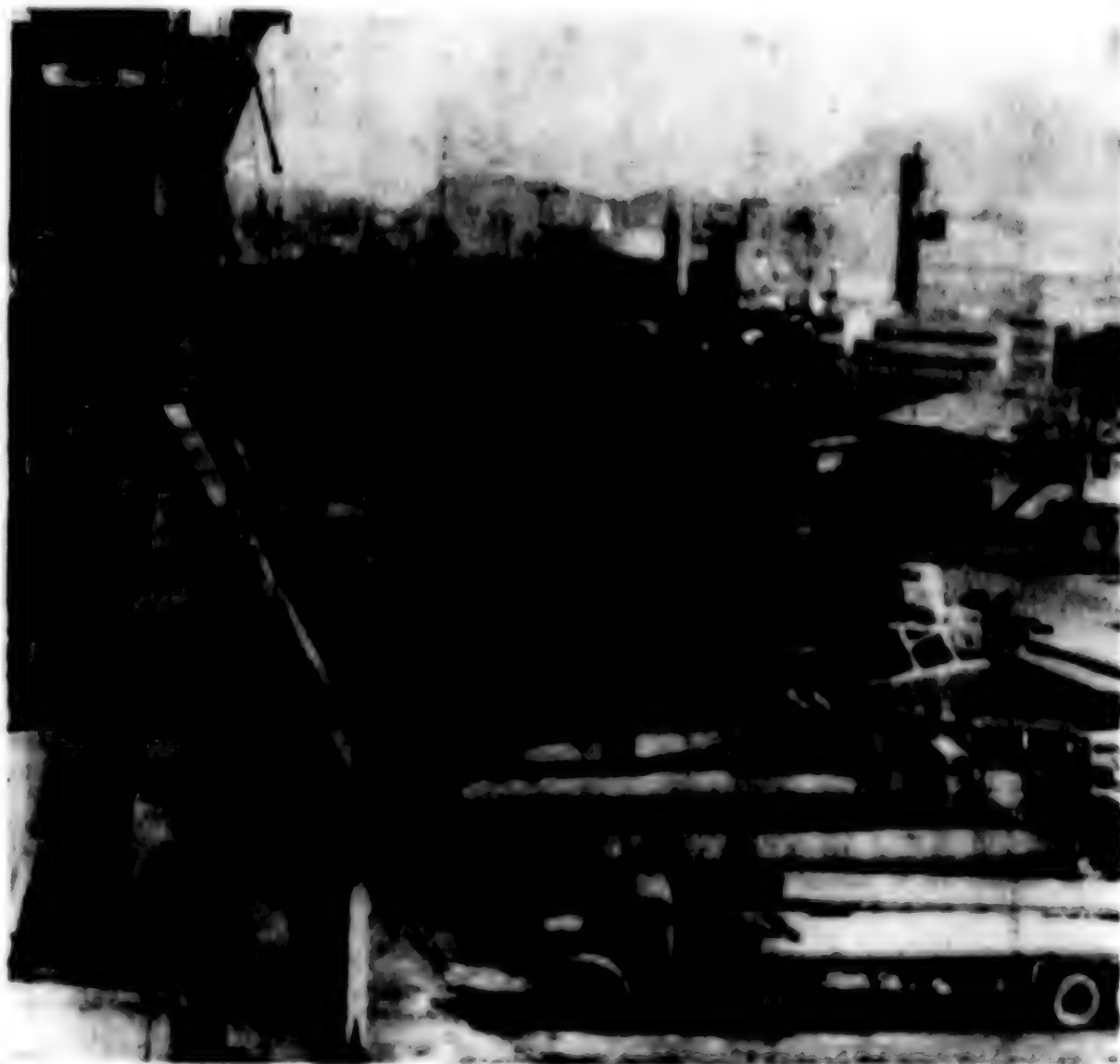
These losses were mitigated by the action of the RFFSA to restore traffic on the lines affected by the storms, although restrictions were placed on the motive power and composition of the trains. Given the conditions that were observed, however, the results achieved by rail transport during this period can be regarded as entirely satisfactory.

The movement of cargo at the ports of the Northeast Region recorded an increase in the first quarter of the year by comparison with the figures for the same period of last year: 4,416,000 tons as against 3,690,000 tons, for an increase of 20 percent. This analysis covers the ports of Malhado, Bahia; Salvador, Bahia; Aratu, Bahia; Maceio, Alagoas; Recife, Pernambuco; Cabedelo, Paraiba; Natal, Rio Grande do Norte; the Areia Branca Salt Terminal, Rio Grande do Norte; Fortaleza, Ceara; and Itaquai, Maranhao. With the sole exception of Itaquai, all of these ports contributed to the overall increase, and in particular Maceio, Areia Branca and Aratu.

Especially noteworthy is the fact that the Areia Branca Salt Terminal continued to set successive records in the export of salt. In the first quarter of 1980 a total of 448,000 tons was shipped (150,000 tons in January alone), while 430,000 tons was transferred from the salt works to the island port (150,000 tons in January alone). The figures for the first quarter of 1980 surpassed by 43 and 33 percent respectively the figures for last year, when 314,000 tons and 304,000 tons respectively were recorded.

As a result, 51,000 tons of salt was sold on the foreign market in the first quarter of 1980 as against only 24,000 tons in the same period of 1979. The annual movement for 1980 (shipments and transfers) is expected to total approximately 1.5 million tons, making it possible to ship 200,000 tons to the foreign market.













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BRAZIL

MINISTER DISCUSSES COUNTRY'S SITUATION, NAVY'S PROBLEMS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jun 80 p 4

[Interview with Minister of Navy Eduardo da Silva Fonseca Maximiano, in Brasilia, by Carlos Chagas, Os Marcio Mendonca and Jorge Honorio, date not given]

[Text] Brasilia--"The country is not in crisis." "There is no possibility of a reversal of the political opening, although we should be alert with regard to the radical elements at both extremes, who seemingly seeking full democracy, are really attempting to disturb the process, causing discontent and situations which could lead to the development of a climate favorable to regression, which would only work to the advantage of their unacceptable intentions, whether leftist or rightist." These and other statements were made to O ESTADO by the minister of navy, Adm Maximiano da Fonseca, in an exclusive interview.

Answering all of the questions asked of him in connection with the speech given by Deputy Joao Cunha, which led to a protest to the minister of justice by the military ministers demanding that the parliamentarian be tried, the minister said that our institutions are not in danger. In his words, the armed forces suffered an insult in "a very bad example which might encourage others." According to Maximiano, the conditions which existed in 1969 and which led the three military ministers in that era to take responsibility for the presidency of the republic while Marshal Costa e Silva was prevented from serving have now disappeared. In his view, to presume that the opposition could not assume power by winning the elections would be equivalent to denying the existence of the process of a more open approach.

Adm Maximiano de Fonseca believes that the function of the armed forces is to remain vigilant and concerned with the problem of internal security. He admitted that the present fleet is not in a position to patrol the national coastline fully, for lack of material equipment with which to keep watch over 7,500 kilometers of coastline and the 40,000 kilometers of the river network. But the navy requires no qualification, when it comes to comparison

with its foreign counterparts. Financial difficulties exist, the minister admitted, but an effort is being made to resolve them.

Admiral Maximiano was interviewed by reporters Carlos Chagas, Jose Marcio Mendonca and Jorge Honorio.

[Question] Is there a crisis in the country? If so, to what basic factors would you attribute it--political, economic or social?

[Answer] Interpreting the question in a broad and inclusive sense, the answer would without a doubt be negative.

In view of what is happening in the world today, only defeatists or pessimists or those motivated by unacceptable intentions could claim that Brazil is in a state of crisis, because despite all of the difficulties, which undeniably exist, our country continues to make definite progress.

Our well-known difficulties in the economic sector, without a doubt the most important of all, since it has great influence on the social and political sectors, are, my lack of authority to deal with this subject notwithstanding, truly the products of two factors which, paradoxically, are stimulated by our very development. They are first of all the successive and uncontrollable increases in the price of oil, a substance increasingly required by our ever-greater development, and second, the payment of debts contracted for the execution of projects which are indispensable not only for our wealth, but also those required for our continued development, factors of vital importance to the improvement of the living conditions of our people.

Without a great effort to make vast investments, we will not succeed in reaching the level of wealth desired by all. It is precisely the solution to this problem which requires the participation of all Brazilians, who must contribute as much as possible to increasing our domestic savings, so that the government can have as little recourse as possible to foreign sources in its search for resources.

The difficulties existing in the political sector constitute proof, in reality, that we are proceeding in the direction of improving our democracy, because these difficulties are inherent in this regime.

In the social sector, it cannot be denied that our present situation, although far from what we would like, is continuing to advance. Any possible impression to the contrary could be attributed to the extraordinary development of communications, which today report vividly and very rapidly the suffering and privation which have been or are being suffered by some strata of our people.

[Question] In orders of the day and other military statements, you have referred to and praised the process of democratic improvement undertaken by the president of the republic. In your view, would there be any possibility of regression, even against the will of the government?

[Answer] There will be no such possibility, for as could not fail to be the case, the president is in fact and in law in full command.

Where the navy is concerned, for example, there is not the slightest indication of the atmosphere for such a development. Although I cannot speak for the armed forces, I nonetheless sincerely believe, due to the great harmony and consistency existing among them, that the same is the case in the other branches. I also believe that the atmosphere is the same in the civilian sectors supporting the government.

As I had occasion to mention in my order of the day on 11 June last, Brazilians should remain alert, that is to say with regard to those radical elements in both extremes who, apparently desiring that the country immediately achieve full democracy, are really attempting to disturb the process, causing discontent and situations which can lead to the development of an atmosphere favorable to regression, which could only benefit their unacceptable plans, whether rightist or leftist.

[Question] When the air and army ministers sent a protest to the minister of justice asking that a deputy be tried, do you believe that the armed forces had been insulted or, further still, might our institutions be in danger?

[Answer] As to the insult, the answer is yes, particularly in view of the fact that the deputy mentioned no names, but in other respects referred in highly pejorative fashion to the highest-ranking officers in general.

As to a danger to our institutions, the answer is no. It would obviously be an exaggeration to say that the institutions were threatened as the direct consequences of a simple speech by a deputy who, using the full rights he enjoys to criticize, was unable to do that in language consistent with his position and responsibility as a representative of a part of the people.

Although as I have just said there was no immediate threat to our institutions, there is one very important aspect which should be noted.

The language of ridicule which was used was a very bad example and precedent which could encourage others to similar undertakings, thus seeking to demoralize an institution which in reality is the final barrier against anarchy, subversion of law and order and destruction of our Christian principles--the armed forces. In 1968 I had the opportunity to hear an address by General Johnson, then chief of staff of the Army of the United States of America, delivered immediately after serious disturbances occurred in the city of Washington, in which he frankly and clearly set forth what I have just said about the role of the armed forces. This was in the great North American democracy.

It is clear that the military have a paramount and inalienable duty to do everything to improve the reputation of their institution with the people, and therefore not only their individual but also their collective behavior must be impeccable. The armed forces have never ceased to punish those proven to have strayed from this path rigorously, a procedure which is sometimes not imitated in certain sectors of our society. But it is also clear that a representative of the people, above all, should use his free and indispensable right to criticize in order to supervise any national institution as necessary, but never using language which contributes to discrediting the institution.

[Question] In 1969, because of the temporary incapacity of the then-president, Arthur da Costa e Silva, the military ministers deemed it necessary to answer for his function. Have the conditions which led the air, navy and army ministers to take that step disappeared?

[Answer] Obviously the conditions which existed in 1969 have disappeared. A negative answer to that question would be the equivalent of denying that we are pursuing a more open political process, a process which has not to date regressed, but is only being pursued with the necessary caution, precisely so that it will not depend on continuity in government.

[Question] While the process of political liberalization is in progress, if the opposition parties were to win a majority in the future congress to be elected in 1982 (and consequently in the electoral college which will choose the successor to President Joao Figueiredo), could they assume power naturally?

[Answer] As in the preceding case, a negative answer would be the equivalent of denying the existence of the process of a more open political approach.

[Question] How do you define the revolution?

[Answer] In my personal view, what happened in Brazil on 31 March 1964 was not a revolution in the broad sense of the term, but rather initially a real counterrevolution.

The reality is that we were living through a truly revolutionary process of complete conversion of our society with a view to establishing a regime contrary to the nature of our people.

As a result of the situation existing then, an overwhelming majority of the Brazilian people practically made intervention by the armed forces compulsory. This intervention was not only demanded in particular by family and friends, but also publicly by civilian leaders, by means of public demonstrations and the famous marches for the family and for liberty organized by Brazilian women.

Thus a counterrevolution emerged which, as a result of the strong popular support, triumphed easily. Here it is important to remember that the military, after victory, did not assume power on their own initiative, because Marshal Castello Branco was installed as the highest official in timely fashion on the exclusive initiative of the civilian leaders of that time, a large majority of whom are still alive to testify to this fact.

Only after he took office did he establish that many emergency measures would have to be adopted to put things in their proper places. Then the 31 March movement became a revolution, with the goal of eliminating subversion and corruption and, mainly, to prepare the country for the practice of a true democratic regime, without the danger of slipping again into anarchy.

Some of the omissions which occurred can be attributed to the facts I have just mentioned, for better results could doubtless have been achieved if a revolution had been planned in advance and the path to be followed had been defined a priori.

[Question] Does the so-called "system" still exist in the country, if it ever did?

[Answer] I have never known of the real and concrete existence of what some call the "system."

I know that it did exist or still does in the fertile imagination of some individuals. However, now more than ever justification is lacking for this "excess of imagination," for what we are witnessing in ever more intensive fashion is the democratic struggle for power, mainly through total freedom of expression. To summarize, if there really is a "system," it is the democratic system.

[Question] What role are the armed forces playing in the process of improvement of the regime, currently in progress?

[Answer] To remain vigilant and concerned with the problem of internal security, guaranteeing the maintenance of order and if necessary dedicating themselves in parallel fashion and with maximal enthusiasm to their own professional and material advancement, so as to be in a position to repel any foreign threat.

[Question] Some time back you commented that you did not know Gen. Joao Figueiredo personally until the time you were asked to accept the navy post. What is your impression, or what statement could you make, about the man and the president of the republic?

[Answer] As a man, he is impressive mainly because of his great qualities of authenticity and human feeling, which also lead to a great capacity for making real friends. As president, the principal impression he makes is

due to his rapid perception of problems, along with the sincerity and honesty of his intention to carry out everything he promised, and the open and simple manner with which he deals with problems with his subordinates.

[Question] Are the military ministers in the habit of exchanging impressions about the national situation?

[Answer] The military ministers, although they do not meet routinely and specifically to exchange such impressions, have rather frequent meetings, and as could not fail to be the case, they take these opportunities to exchange views about domestic problems.

[Question] Could Brazil today, as it was in 1964, be faced with imminent attacks and thrusts on the part of international communism and other subversive forces?

[Answer] The present situation is very different from that which prevailed at the beginning of 1964, and therefore it would be an exaggeration to say that we are faced with imminent attack on the part of international communism and other subversive forces. As to thrusts, I would say they are not imminent, but in reality we are already experiencing them. International communism has just changed tactics, but the thrusts continue without interruption. In 1935 it was the effort to seize power by force, through infiltration of the armed forces. In 1964 it was the effort to seize power by subverting law and order, with the tolerance of those mainly responsible for that same order who, although they were not communists, out of simple demagoguery or incompetence allowed these elements to infiltrate the government and encouraged their activities. After March 1964, with the armed forces purged of these evils, they tried, again without success, the tactic of terrorism, with the rural and urban guerrilla forces. Finally, what can be seen now is the infiltration of these elements in various of the most important sectors of our society, where they pursue their harmful activities with a view to destroying moral traditions and encouraging disrespect for authority, seeking to demoralize and discredit the authorities, which would certainly facilitate their struggle to win power, for they themselves say: "The worse, the better." Paradoxically, or more accurately cynically, because their ideology is known to be the worst enemy of individual freedom, these individuals are always among those who most vehemently demand an immediate regime of full democracy.

[Question] Is there a danger of an outbreak of war in the world? In such a case, what would the role of Brazil be?

[Answer] The existence of this danger cannot be denied. However, we believe that as long as a balance of military power exists between the two superpowers, no such conflagration will occur, for because of the incredible destructive power of modern weapons, allied with the ability of the party

which is attacked to retaliate speedily, the aggressor will reflect at length before taking the initiative.

There is no doubt that, in the hypothesis of another world war, Brazil would play a role of the greatest importance, unless such an outbreak were of very short duration. The two elements which can lead a nation to play a role of great importance in a world conflict are, according to military principles, power and position. Brazil does not have great military might, except potentially. However, it has a position of very great importance in terms of a world conflict, because as happened in World War II, the South Atlantic routes are vital to the Western world as general supply lines. This is apart from what Brazil could offer as a source of logistic resources of all kinds.

[Question] Have the current difficulties in the economic and financial sectors and the resulting limitations on public and other expenditures affected the navy? To what extent?

[Answer] Obviously yes. As to the extent, two aspects must be taken into account.

As to the first, considering the present dimensions of the navy, the proportional reduction is not very large, since as the budget allocation for the navy is already very small, the margin of limitation on expenditures is insignificant. Even so, an effort is being made to overcome the existing financial difficulties, by means of rigorous control of administrative expenditures to the benefit of the operational sector, which has been much affected, in particular by the price of fuels and lubricants, substances which are naturally vital to the efficiency of the navy. In the personnel sector too there is a considerable cutback in expenditures, since the current table of organization is less than that authorized by law by about 18,000 men.

As to the second aspect, involving the urgent need to develop our navy consistent with the development and the current importance of Brazil, the proportion is very great, for if it were not for the present economic and financial difficulties, a reequipment plan would certainly be underway which in the medium time range would give our navy a status consistent with the real needs of Brazil and, above all, its responsibilities in the South Atlantic.

[Question] What contribution is the navy making, even indirectly, to reducing the critical social conditions affecting part of the Brazilian population?

[Answer] Although it is not specifically a part of its mission, the navy is without a doubt contributing directly and indirectly to alleviating the critical social conditions affecting a part of our population.

The indirect contribution is seen in what the navy does in the education and training sector. Our four naval apprenticeship schools located in Fortaleza, Recife, Vitoria and Florianopolis are mainly recruiting their students from among the poorest strata. In these schools, after education and professional and humanitarian instruction on the eighth series level, they are finally accepted in the navy as seamen. After two more years, they are sent to a specialists' school, from which they graduate trained in various technical specialties, often being attracted to jobs in their specialties in civilian life. At the naval bases there are also technical schools (non-military) for the training of technical-level personnel. Young men from the apprenticeship schools have an opportunity to achieve officers' rank and to advance to the post of commander in the auxiliary cadres.

Again in the training sector, the navy is training all of the merchant marine personnel in professional maritime education supplied not only at two excellent institutional institutions--the Admiral Graca Aranha Training Center (CIAGA), in Rio de Janeiro, and the Admiral Braz de Aguiar Training Center (CIABA), in Belem, but also at the port authority headquarters.

The direct contribution is made through aid to the riparian population, particularly in the Amazon region. The vessels of the northern naval group, based in Belem, and the ships of the Amazon flotilla, based in Manaus, make regular trips to the most remote points in that region, not only providing medical and dental aid on a scale consistent with the neglected population, but also engaging in campaigns of a civic nature. In the near future, we will begin the building of two small hospital ships, entirely planned and constructed in Brazil, and especially designed to render aid to the population of the Amazon region.

[Question] Is the present fleet capable of completely patrolling and defending our coastline and the most important waterways?

[Answer] The frank and honest answer is no, for in reality we are far from having the material equipment in a quantity sufficient for complete patrolling and defense of our extensive coastline of 7,500 kilometers, and a navigable river network of about 40,000 kilometers.

I can state with pride to our people that, as to the professional capacity, enthusiasm and dedication to the service of our personnel, we have a navy which needs no qualification, in comparison to any foreign navy. This is in connection with the quality of the personnel and some material equipment, however. As to the volume of personnel and materiel, I repeat, we fall far short of the requirement in terms of the development and current importance of Brazil, and in particular, its responsibilities in the South Atlantic.

Despite what I have just said, an extraordinary effort is being made to meet the minimal needs with the means available. For example, on the

Amapa coast, subject to frequent attempts by foreign fishing vessels to invade our waters, we are maintaining patrols 24 hours a day throughout the year, at great hardship, with inadequate and ancient vessels.

[Question] What are the dimensions of the present naval reequipment plan?

[Answer] The dimensions are modest, because the plan was drafted in realistic fashion, in accordance with the budget allocations currently granted the navy. As to the inadequacy of the budget allocations which the government has been able to give the navy, it suffices to note that this year the subsidy granted for wheat is more than double the naval budget.

The current plan for reequipment initially calls for the construction of 42 small-tonnage vessels (training vessels, submarines, corvettes, mine-layers, mine-sweepers, survey vessels, tugboats, etc) over 10 years, with the possibility that this plan can be increased quantitatively (the number of units of each type to be built) if the necessary financial resources are obtained. Unfortunately, the present difficulties of an economic and financial nature have forced us to reduce the initial plan for 42 vessels in 10 years.

However we are confident that when the present difficulties are overcome, we will be able not only to speed up the implementation of the plan, but also to increase its volume. The important thing will be for us to be prepared for this, which we are seeking to ensure.

[Question] In connection with the United States, what is the status of the trade in the sector involving purchases of equipment for the navy, including spare parts?

[Answer] We have the best relations with the United States Navy, and we have received all possible cooperation from them within the limits dictated by political problems beyond our jurisdiction. As we began to turn to the European market to purchase vessels, apart from those built in Brazil, it was natural that there would be a substantial reduction in the equipment coming from the United States. However, that country is still an important source of supplies for our navy.

[Question] Has the expiration of some of the military agreements between Brazil and the United States threatened the plans and programs of the navy for expansion?

[Answer] In the short range, yes, for we have ceased to receive equipment which, although second-hand, would considerably add to the power of our navy. However, in the medium range, this was perceptibly beneficial, for it not only freed us from dependence on a single source, with the difficulties and hindrances resulting therefrom, but more important, it is forcing us to make a great effort to plan and build our own war vessels, a factor indispensable in guaranteeing our sovereignty fully.

[Question] Once the congress has approved the proposal allowing women to participate in certain naval functions, what contingent is planned for the initial enrollment?

[Answer] The initial recruiting of an experimental nature will necessarily have to be small, about 300 women including officers and seamen, with the largest number initially going into the medical corps.

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CSO: 3001

BRAZIL

SAUDI ARABIA SHOPPING FOR GOODS TO IMPORT

PY111258 Rio de Janeiro O GLOBO in Portuguese 9 Jul 80 p 20

[Excerpts] Arriving in Brasilia yesterday, Sulayman al-Sulayyin, the minister of commerce of Saudi Arabia, said his country is greatly interested in purchasing Brazilian technology in the food-processing and machinery sectors. He noted that this is the first trip of this type to Latin America, particularly to Argentina and Brazil, which "are in a position to supply Saudi Arabia's basic needs in various sectors."

Brazilian diplomatic sources have revealed that the Saudi Arabian mission is interested in purchasing sugar, chicken meat and machinery, as well as in discussing the problem of maritime freight between the two countries.

Oil is not on the Saudi Arabian minister's agenda because there are other channels for dealing with this product.

As for the purchase of aluminum, Minister Al-Sulayyin said only that Brazilian technology "is welcome in Saudi Arabia."

The Saudi Arabian mission of five businessmen and five government technicians was met at the airport by Marcos Azambuja, chief of the Africa, Asia and Oceania Department of Itamaraty, and by Saudi Arabian Ambassador Abdullah Hababi, who only yesterday presented his credentials to President Figueiredo.

Minister Al-Sulayyin said that his is an essentially importing country and, therefore, his main objective during his visit will be to find new products that his country can buy from Brazil.

According to him, the Brazilian Government is importing large quantities of oil and consequently the balance of payments is tilted against Brazil. The Saudi Arabian minister believes that the best way to correct this situation is to find new sectors in which the Brazilian economy is stronger and more competitive in comparison to industrialized countries. The minister of commerce said he could very well guess that these sectors will be in agrobusiness and car-manufacturing.

BRAZIL

REPORTAGE ON LULA PLANS TO VISIT NICARAGUA, CUBA

Lula Visit

PY101515 Rio de Janeiro O GLOBO in Portuguese 9 Jul 80 p 4

[Text] Sao Bernardo do Campo (O GLOBO)--Luiz Inacio da Silva--nicknamed Lula--president of the Workers Party, announced yesterday that he will travel next Saturday to Nicaragua to attend celebrations on the first anniversary of the Sandinist revolution. Lula admitted that he might meet with Cuban President Fidel Castro.

"Contacts with foreign leaders are very important," Lula said, "especially at this moment when I am being tried by a Brazilian military court."

Lula fears that he might have problems with his passport in view of the fact that he is standing trial. He is also worried about the possibility that other dismissed union leaders might be tried under the national security law.

Lula was invited by the Nicaraguan Union Central and will be accompanied by Carlos Alberto Libanio de Christo, also known as Brother Beto.

Lula said he will make a brief visit to Costa Rica to give a lecture in San Jose.

Lula's Passport Withheld

PY101517 Sao Paulo Radio Bandeirantes Network in Portuguese 0230 GMT 10 Jul 80

[Excerpt] Luiz Inacio da Silva--nicknamed Lula--former president of the Union of Metalworkers of Sao Bernardo do Campo, has been unable to obtain a passport at the Department of Political and Social Order.

Indicted under the national security law in view of his involvement in the metalworkers strike, Lula was told that he is standing trial and that he will be able to obtain a passport only with the authorization of the second judge advocate. Tomorrow, Lula will request the judge advocate's authorization to travel to Nicaragua and Cuba [as heard].

Lula Travel Approved

PY120213 Rio de Janeiro O GLOBO in Portuguese 11 Jul 80 p 4

[Excerpt] Sao Paulo--Second military court judge Waldir Silveira Mello yesterday approved the request of metalworker leader Luis Inacio da Silva, alias, Lula, to travel abroad.

In the 12 days that he will be allowed to stay out of the country, Lula will visit Nicaragua to attend celebrations of the first anniversary of the Sandinist revolution's victory. Afterwards, he will go to Costa Rica to give a lecture.

Lula denied reports that the objective of his trip abroad is to meet with Cuban President Fidel Castro, and explained that he had been invited by Nicaragua's labor central to attend the celebration of the Sandinist revolution.

CSO: 3001

BRAZIL

BRIEFS

MOROCCAN TRADE DELEGATION--One of the main objectives of the Moroccan trade delegation visiting Brazil since last Tuesday is to purchase a Turnkey industrial sandpaper factory with a \$200,000 price tag. This delegation is headed by (Hadj Mohamed Bounouch), president of the Trade and Industry Chamber of Gharb Province of Morocco. In addition to that contract, which will be signed before this week is out, the Moroccan delegation is studying the possibility of contracting for the construction of a 15-unit industrial complex in Kenitra at a cost somewhere between \$15 million and \$20 million. The Moroccan mission is visiting Brazil at the invitation of Tupan International Commerce and Marlin Import Export Commerce. [Excerpt] [PY120245 Rio de Janeiro O GLOBO in Portuguese 11 Jul 80 p 20]

CSO: 3001

U.S. POLICY MOVES SEEN AS HOSTILE ACTS

Santiago EL MERCURIO in Spanish 7 Jul 80 p A-2

[Article by Hernan Felipe Errazuriz: "Suspension of U.S. Aid"]

[Text] The suspension of Operation Unitas is one more hostile action of the Carter administration toward Chile. The reasons for this measure are the same ones that Cyrus Vance invoked last 30 November when he decreed the suspension of Eximbank financing and withdrawal of OPIC (Overseas Private Investment Corporation) insurance for expropriation risks.

It was said that this was the result of the Letelier case and the human rights policy.

We will not discuss the human rights campaign which has been applied arbitrarily since the beginning. As soon as it was announced, Carter himself discriminated in the application of that policy, ignoring it while he supported the Shah of Iran and Somoza. He later put it aside any time it compromised the "detente" or U.S. political and economic strategy. These rights are only a political motto. The policy is not applied to South Korea, all of Southeast Asia, Saudi Arabia and the rest of the Middle East, Yugoslavia, Central America, almost all of Africa or the USSR. It is only invoked against the USSR when Soviet dissidents are arrested and there is a universal outcry.

Neither will we discuss the Orlando Letelier case; the perpetrator was a North American who had ties with the CIA and was helped by other U.S. residents. We will point out that the possible complicity of Chilean secret agents is based on the perpetrator's statement during his plea bargaining with U.S. authorities.

Lastly we will say that the U.S. Government has not objected to the jurisdiction of our courts to try the Chileans allegedly implicated in that crime.

What is the real basis of the hostility of the State Department officials? It is nothing other than its demagogic desire to intervene in order to

reimplant the party of its choice in our country and the political and economic organization that reigned in the past which could be seen as adequate by the U.S. public. This objective and the instruments of pressure used for that objective are unacceptable for reasons of sovereignty and inappropriate from every point of view. Nothing would be solved by returning to a system that was incapable of generating an average economic increase of more than 3 percent a year for 30 years compared to a plan that permits 8-percent annual growth in the midst of an energy crisis, inflation and, most recently, a strong world recession. A return to that system would not be fulfilling the right of the people to the minimum acceptable well-being considering the high rates of infant mortality, malnutrition and extreme poverty that affected a large portion of the population then. It is a contradiction, finally, to redeem an organization that culminated with a Marxist government and led to serious abuses of civil and political rights.

The instruments of pressure that the U.S. Executive Branch has used during the Carter administration are also counterproductive. Since Carter took office, government loans to Chile have declined until they disappeared. This financing was important to previous governments which renegotiated the foreign debt and, to a greater or lesser degree, experienced a balance of payments crisis. It is no longer important in the present economic plan which has managed to diversify financing sources and has received important transfers of private U.S. and other foreign technology and capital because of the reliability of its economic policy. In effect, the U.S. Government aid represented about 15 percent of our imports in the 1960's while it was less than 1 percent of our imports in the period 1976-79, lower than during the Marxist government of Salvador Allende.

Nevertheless, this percentage is compared within a context of different bilateral aid policy and a different volume of imports. U.S. Government aid which is channeled basically through the AID is no longer received by Chile, Venezuela, Brazil or Argentina because of allocations to countries with less relative development and because of the limitations of the different annual U.S. budgets. When trying to translate it into something significant, it must be compared to the new volumes of imports which, in the Chilean case, reached about 5.2 billion for 1979 compared to 900 million a year average in the 1960's when massive imports were prohibited.

Private U.S. financing has followed a radically different pattern than government financing. In 1979, official aid was almost nonexistent with about \$3.3 million from the AID, but private U.S. banks transferred about \$1 billion in capital.

A similar thing happened with the credit insurance from Eximbank. While credit from the U.S. Government was suspended, Canada, the United Kingdom, Japan and other countries reactivated similar guarantees in order to cooperate in the sale of capital goods. U.S. manufacturers themselves made their supplier credits flexible.

Military aid was monopolized in the 1950's and important in the 1960's but no longer is today. In the 1960's, almost all the armaments that Latin American armed forces used were from the United States. According to statements by State Department officials on 2 April 1971 to the Foreign Relations Committee of the House of Representatives, the United States retained only 10 percent of that market in the 1970's. Nevertheless, the suspension of military programs like Operation Mission has a serious effect because it endangers continental security facing Cuba and Soviet imperialism.

On the other hand, economic aid to opposition groups has also been ineffective because of their lack of resources and the brutal support for the present government.

Finally, the Carter administration shows signs of inconsistency facing the support that our government receives from the private U.S. sector and all-foreign offices of the State Department which are aware of the importance of the economic and political development attained by the Chilean Government. The Carter administration is also struggling when it tried to interfere in the conduct of a regime that is seriously striving for a new nationalization, that has attained concrete achievements in the economic and labor sectors and that is designing a political system that respects individual liberties but is different from what the State Department desires in Chile.

END

DDC: JG

CHILE: PUBLICATIONS CRITICIZE STATE OF EMERGENCY

Latino MESAJE in Spanish Jul 68 pp 309-309

[Editorial: "Chile: A Country of Discretion"]

[Text] U.S. radio on the tape player, color television, electronic products, full employment and the official political propaganda seem to be dulling our sensitivity to perceive the continued abuse of basic rights and the suffering of many Chileans. The indefinite extension of the state of emergency, with its sequel of arbitrariness, fear and insecurity, leads to fatigue and weakens our capacity for astonishment and indignation.

Overgrown Witnesses

However, some Chileans--and, in the future, will represent our honor--still have clear enough eyes, attentive enough ears and a generous heart as to see as love adds to the sick part of our society in spite of our reluctance. There are youths who risk their work or their university careers and are exiled for saving society in the country. There are women whose relatives have disappeared and who continue asking for the justice that is denied them. There are union leaders whose loyalty to the working class is stronger than the threats and the fear. There are lawyers who, in an unequal fight, have defended the rights and the lives of thousands of accomplices persecuted for political reasons. There is a handful of journalists who have resisted the temptation to flatter the powerful. There are simple Christians, priests, nuns and bishops who see the truth of their faith carried out in the defense of their brothers. With their actions and their words, they rescue us from our commercialist dream, pull us to our feet, force us to take a stand and realize that, in the midst of the progress achieved in many areas, much of our reality is bad.

One of these witnesses, Cardinal Silva, said on 1 May: "It seems to me that national conscience has not improved; on the contrary, it seems that work in Chile becomes more difficult each day. There are very serious situations and there are stifled struggles. Consequently, there is repression and war as long as very violent." These words brought him the implicit

accusation of having little hope and of being mistaken in his judgment of reality. Why could Cardinal Silva make such a harsh judgment of our situation?

Discipline became law

Some months ago, legal and illegal repression reappeared in Chile until it reminded us of 1977. This closed the way, it seems to us, to prompt national normalization.

The government has granted itself powers to take new disciplinary measures in the most diverse fields and even "improve"--if this makes sense--its earlier, clearly illegal actions. The minister of interior now has the power to exile people for up to 3 months without a trial, in this way avoiding the crowding cases to the courts which, until March, frequently dismissed them. More than 40 Chileans have already been given this "sentence" by this new judge. All the privileges that benefited public administration workers have been suspended which might mean, plainly and simply, the dismantling of union organizations in that sector. The decree has few precedents: "Let it be declared, for all legal effects, that personnel lists that the president of the republic has made or will make in the future with express discretionary powers have been made and will be made without being subject to any law on legal rights or immutability of any type" (D.L. 3.412). The minister of education has received the power for 1 year to assign teachers in any place in the country, according to service needs, "without being subject to established law" (D.L. 3.407).

Another decree, signed by the chief of state himself and the government junta, empowers the chief of state to completely restructure the internal law service: "The vacant positions after the new personnel lists are made will be filled at the discretion of the president of the republic" (D.L. 3.402).

The integrated university rectors, using their very broad powers, have fired more than 200 professors. Permission has been denied to publish the magazine *South Africa* and the circulation of several already published books is prohibited by other disciplinary powers.

This accumulation of powers that the government continues to grant itself shows that we are a country "of discipline," subject to the good or bad mood of the authorities or to the results of the internal conflicts in the government itself. This is a bad condition for a country that was ruled by law before.

There is still more. In recent months, many people have been arrested in Santiago, Llanes, Talca and Antofagasta, accused with impunity of terrorism. When people entered a law office, that of the people there, finger-pointed ones, interrupted them and scribbled notes on the walls. The language of those arrested, even women, has disappeared. The young men--

Andr  s Ballester--for example, was arrested on 17 February and was tortured at the Investigations Headquarters until he died. When his body was handed over to his family, his face and testicles were burned, his mouth smashed, one eye blackened and his fingers burned. According to the Legal Medical Institute, "the cause of death was aspiration of phlegm regurgitated from the stomach. Vomiting by the deceased was caused by convulsions after the body was constricted which led to internal complications."

On the other hand, the clergy of the Catholic Church is intimidated but continues to lament cases of abuse of power. Uniformed men or investigators (armed), in service or out, kill four or five people and seriously wound others.

Ineffectiveness of State of Emergency

Many of the repressive measures are justified in the name of the alleged peace in Chile which should be preserved at all costs. Is this peace real when policemen can be killed right now, fatal bombs exploded, tanks and machine-guns riddled and CII (National Information Center) offices machine-gunned with hardly any of the perpetrators caught? Other than the spectacular police operations in parts of Santiago with hundreds arrested and their sequel of paralyzing fear and the unexplained death of Professor Salvador Allende, what has been done to punish the murderers of policeman Heriberto Arce? Or has his name and the fate of his family been forgotten already? Are all the security measures ineffective and is the remedy to increase them? So far this year, more than 1,200 people have been arrested for "security" reasons.

Revised Democracy

It would be as if the logic of the system unfortunately leads to the ineffective maintenance of the emergency, to escalated repression and to the continuation of terrorism because /the road chosen to reach peace is very wrong (in Chile). Certain government ideologists short-sightedly, pre-emptively and providentially disregard what the West has learned in almost two centuries of experience in how to limit the abusive exercise of political power. Chile has lost so much already that it is possible now to revise political democracy, before our history and even accuse those who defend it as reactionaries and obscurantists. It is precisely the lack of division of powers which is making way of these problems in Chile.

The absence of a parliament to represent the nation, dictate laws that apply to everyone and supervision on the use of the army means this arbitrary accumulation of power is too hard. This has permitted the courts to interpret the law restrictively -- almost all matters referring to the defense of human rights and to leave a large quantity of people practically defenseless. Because of this absence of a counterbalance, it has been possible to indefinitely extend the state of emergency which is incapable of leading to peace. The present economic revolution with its rational aspects and all. Or should have also been made possible.

What would have happened under the Alessandri, Frei or Allende governments if the same abuses had been committed or this accumulation of power had been attempted? Voices would have been raised in parliament. Bills would have been passed. The government ministers would have been accused constitutionally. The Supreme Court would have done more than the Executive Branch has done.

It is precisely that counterbalance and control that is missing and which, blocked, might rise up one day transformed into violence against violence.

Role of Press

The refusal of many mass media to carry out their function of expressing and forming public opinion through truthful information has helped produce this situation. When systematic torture or the disappearance of people arrested by the intelligence services has been denied for years and has been recognized only when confronted with the evidence of disinterred cadavers, it is time to make a serious examination of conscience. What would have happened under the previous governments if /one/ (in boldface) arrested person had disappeared, only to appear again after a secret burial? It is true that the press has had to measure itself but some experiences, like the case of Professor Rojas, show that when it is used well, it can make authoritarianism reveal and avoid arbitrariness.

Real Hope

Even though they accuse us of not having the favor of the government people, we can ask, with Cardinal Silva, whether we are really headed for peace.

In Scripture there are real and false prophecies. Jeremiah had to confront the false prophets who only proclaimed what the people and their leaders wanted to hear. Jeremiah, who loved his country deeply, exposed the false prophecies and did not tire of telling his people that they were on the wrong road even at the cost of interior division. Jeremiah died in exile but history proved him right.

Behind the windows, new prophecies of good ideas--which God wants to be carried out--incorruptible voices of believers and nonbelievers speak out to tell us the suffering of many which does not appear on television or in the press. Are they people who lack hope? Are they ambitious? We are convinced that all those who defend basic human rights with peaceful means and clear moral standards--risking work, fame, freedom and even physical harm--demonstrate, through their actions, a faith capable of being transformed into works, a hope stronger than despair and a love of justice stronger than self-interest.

CZECHOSLOVAK TEXTILE PLANTS TRAIN 1,000 CUBAN YOUTHS

Havana JUVENTUD REBELDE in Spanish 5 Jun 80 p 6

[Article by Anable Anador]

[Text] Over 1,300 young Cubans are working and being trained in industrial textile plants in Czechoslovakia. For that reason, while visiting that brother Central European country, we asked to see some of the industries where they work. The spot chosen was the northeastern zone, over 150 kilometers from Prague.

When we left that morning, the beautiful capital of the 100 towers was covered with snow, which the people of the city say is quite unusual in April. We were struck by the fact that as we traveled along highway E-14, there were constant climatic changes: first sun, then rain, then snow once again, without rhyme or reason.

The first camp we visited was at the Tiba 15 enterprise, located in the outskirts of the little town of Nova Holubav. There, 28 comrades from Santiago de Cuba and Havana City are living. They range in age from 17 to 24 and with them was a Cuban girl who acted as translator. We were very impressed with the small apartments where the young people are housed. Each one had a refrigerator, book shelves, comfortable furniture, and so on.

However, it would be better to let them speak in order to give a more faithful picture of the atmosphere surrounding the young people:

"I was working in a paint shop, but when changes were made in personnel, I was told to go. I learned of the call and did not hesitate to take the step. In 7 years, I will return to Cuba as a bleacher and the experience of having known this hard-working country. Here I have learned to do everything for myself, even cooking! The housing is very good." These were the words of Juan A. Tabares de la Haza, a native of Santiago de Cuba.

Agustin Baez, 20, is also from Santiago:

"I have been in this collection for nearly 2 years. I am happy because I think that this is my contribution to the revolution in my time. I miss

my loved ones but they encourage me to continue and go further. Here I have learned to speak Czech, which will certainly be useful to me in the future."

Other collectives visited that day were the Bolara enterprise in Semily and Velveta in Nova Paka. At the latter, 40 young women and 16 men are living. The modern enterprise includes four plants: three weaving plants and one spinning unit. Specialized training is being given to 17 young people at the spinning plant and the rest are learning weaving or in the process of becoming industrial textile mechanics.

Nova Paka

Friskas Landin, from Manassas, Villa Clara, is the head of the Velveta group. He says: "The collective in Nova Paka is very good. Many of the workers have been discharged from the army and of these, a number are former internationalist soldiers. The girls were for the most part without jobs. Now they are getting ready to go back to Cuba, where they can make a valuable contribution. There we will all have work because the textile field is wide open in Cuba.

"Although we are all very happy here because of this modest contribution, there are always problems which, while not serious, are felt. For example, the attention should be made with greater care because in some cases, the health of the individual was not carefully looked at and when it is later learned that someone is suffering from asthma, a bad back or any other problem relating to the climate, the trip has already been made and the damage done.

"These young people insist on remaining and do their best, but usually to the detriment of work discipline. And here, the workers are very particular about doing their job. Arriving late, even if it is just 2 or 3 minutes, is considered a lack of discipline and the same is true of leaving early. We have to learn a great deal from the people here in this respect because they know that this is the only way to develop the country."

Director of Velveta

Miguelo Eriasek is the director of this large enterprise. He received us in his office. On the wall was a framed order of the 50th Anniversary of the Czechoslovak Communist Party, signed by First Secretary Gustav Husak, an award presented to the industry for its successes in production.

Since we knew beforehand that Comrade Eriasek turns down interviews because he does not consider himself to be the basic reason for the existence of Velveta, we tried to channel the interview in such a way that it would be a familiar chat. Little by little, his words led to the subject of the interview.

"I am very happy with these Cuban young people," he said. "Since their arrival, they have tried to make progress by enrolling in theoretical and practical courses. According to their test results, they have done extremely well."

Kriizek is mainly satisfied with the way in which the young people have managed to learn the Czech language and are soon able to speak it without great difficulty. He told us that one of them recently participated in two competitions for knowledge of the language and at the enterprise level, won first place. Nationally, he placed second. "That was Mateo," he said, as if telling about his own son,

Prizes and Incentives

At this industrial center, the policy of awarding prizes is followed without excluding the young Cubans. In 1 year of work, if one has not committed any violations of discipline, one can obtain up to 500 crowns over and above the salary. "I wish to emphasize," the director of Velveta emphasized, "that many Cubans meet and exceed their goals with the same quality and quantity as the Czechs. I am confident that those who are not now reaching their quotas will soon do so."

"I will be very satisfied that when they return to Cuba, they will take their work discipline with them. That is why I place all my emphasis on their complying with standards very strictly. I know that here the labor laws are very strict, but only in this way can we arrive at the developed socialist society to which we aspire, both we and you. That is why, for example, if a day of work is missed, we cut short vacation time by 2 or 3 days and there may even be other types of punishment."

Relations With Relatives

In all collectives, letters are sent to relatives in Cuba telling who received outstanding marks for discipline. The young people's relatives also send letters thanking enterprise officials. Mitoslaw showed us the letter written by Martha Rivas, from Ranchuelo, Villa Clara, when her son, Jorge Antonio Rivas, obtained a prize at Velveta. She profusely thanks Kriizek for all that has been done to help her son make progress in his work. We saw many such letters from parents.

At about the same time this reporter visited the enterprise, the young Polish workers were completing their contract. Consequently, the Cubans were asked to make an additional effort so that production would not fall. As if they were in their own country, they did not hesitate to pledge to maintain the production rigors, an encouraging fact for the time when they are in Cuba doing their work in whatever plant to which they are sent. This was also made known to relatives in gratitude for the gesture of the young Cubans.

Kolera in Semily

In order to see all the collectives chosen, we went to Semily, whose plant, Kolera, is located in a lovely spot in the northeastern hills. We arrived via twisting roads blanketed in snow, which made the trip slower and more difficult. We were greeted there by Dionisio Ferro, organizer of the UJC [Union of Young Communists] committee.

"Here, over 80 young people from Villa Clara, Santiago de Cuba and Havana are being trained. They are specializing in finishing. Here we are all very happy, despite the fact that it is not easy with such a cold climate. The Czechs are very happy with us because we meet our goals as if we were experienced workers. We know that our presence here will help our country's economy now and when we return and go into textile production."

When we left, someone told us that in the group was the enterprise vanguard worker, Ruben Negrin. I thought that it was an emulation among them, but they said that they compete with the Czechs on the basis of the same figures.

Those who see these young people leave from Cuba perhaps imagine that since they are going to a distant country where there is already a high level of socialist development, everything will be pleasant and easy. Nevertheless, we saw that even though they live in relative comfort, their stay is not easy.

For 4 years, they must live far from their relatives and friends, in a climate that for a large part of the year is harsh winter. There is no better way to illustrate what we are saying than to use the expression given to us by a friendly Santiago native: "You do not know what it is like to go for a long time without seeing a palm tree, not to go swimming at the beach or feel the sun that warms the skin so delightfully."

The topic has certainly not been exhausted. Other reporters can still visit the same place and find new themes for our articles because this close cooperation between Czechoslovakia and Cuba is on the rise.

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OIL EXPLORATION IN VARADERO AREA: UPDATED REPORT

Havana BOHEMIA in Spanish 13 Jun 80 pp 4-5

[Article by Candido Dominguez]

[Text] Ancient history tells us that the Chaldeans used the oil that poured from the ground in the form of bitumen as material for their construction and that the Egyptians used it for embalming.

Nevertheless, the economic importance of the dark mineral oil dates from 1859, when the Pennsylvania deposits were discovered in the United States.

Some 10 years before that event, Abbiel Abbet, an American priest visiting Matanzas, went out on an excursion along the banks of the Camarioca River and marveled at a rare spring from which a thick, black liquid poured.

The local people called it *chapote* and used it in place of tar as a fuel for lamps in their homes.

Today, along with Varadero, Cantel and Cardenas, the Camarioca Basin makes up the small coastal strip in the northern Matanzas Province where the Central Petroleum Refining and Extracting Enterprise carries on its activities.

Inevitably, the Yankees

It was in the 1930's when fishermen working off the tip of the Hicacos Peninsula spotted a place on the coast where oil slicks could be seen on the water and plant life had died.

News about the phenomenon apparently reached officials of the American monopoly, the Gulf Oil Company, which began prospecting for oil in the area.

Working with them was Felix Hernandez Sosa, from Cardenas, who began work as an oil well driller in 1930. He explains:

"They explored the area for several years. I remember that in 1930, they made a big fuss when they started to drill a well in Punta de Hicacos, where

a ceremony was held attended by President Carlos Prío. They even announced that they had found the "Cuban Maracaibo," but they later left, taking their equipment with them, and things went no further. What conclusion had been reached by the experts from the powerful Yankee consortium? What kind of a deal had been reached by Gulf and the president of the puppet republic that generated so much publicity?"

It can be presumed that they realized the good oil prospects of the zone and decided, in the face of the availability of the big Middle East deposits, to keep the Cuban Maracaibo as a safe reserve in what they considered to be "their impregnable and eternal back yard." Unfortunately, we do not have documents to prove this assumption.

Felix, 36 years of age and a party member, is head of the enterprise's Industrial Safety Department and he took us on a tour of some of the facilities.

Siguapa

It is a point on the western coast of Cardenas Bay, reached by going to the left upon crossing the Santa Marta district of Varadero, heading for Banamera City.

The landscape of Siguapa is made up of swamps and the quiet waters of this marine inlet. The monotony is broken only by the powerful tower of a BU-12 drilling machine, automatic, Soviet-made and capable of reaching depths of 4,000 meters, vertically or on a slant.

Felix proudly explains the machine's workings because when Gulf was here, there was not a single piece of equipment that could be compared with this one. He adds:

"Furthermore, it is especially made to drill by means of a turbine, a technique developed by the Soviets to save time and breakdowns. The pipes that go into the ground are fixed; they do not rotate, as most do. With this system, only the drill revolves."

The veteran oil worker continues his lengthy explanation and we learn that through the pipes that go down into the well, the machine uses high pressure to inject a claylike material called *lodo* (mud) as far as the bottom pipe, in which there is a turbine coupled with a drill.

In this way, the mud works the turbine. It makes the drill rotate, digging away the subsoil. From the bottom of the well and through the space between its walls and the outside wall of the pipe, the particles thus loosened are taken to the surface.

No Curasi

The life of the oil worker is not easy. A brigade stays at the drilling platform day and night for about 10 days, while the relief crew rests, travels, enjoys being at home.

Eugenio Hernandez Garcia, 49, is head of the group of 19 men we found working at the time of our visit. He began doing this type of work nearly three decades ago. With enthusiasm, he tells us:

"Naturally, this is a marshy area and at night there are lots of mosquitoes, but compared with Cape Romano, it is a paradise."

Heating Eugenio talk, Redulo Heredia, another worker from the "black gold" days, approaches and the two talked of the hard life on that tiny island north of Camaguey:

"Do you remember Ajundo, the Soviet? When he arrived, we told him that Cape Romano was terrible and he answered that he had worked in the taiga and that there couldn't be anything more difficult than that Siberian forest. But then came the curasi plague -- that is one of the mosquitoes with the worst bite -- and Ajundo changed his mind. That was worse than the taiga!"

The stories came one after the other, with the two men telling of the gigantic fans that had to be set up at the drilling bases so that the men could work, how the yanes knocked the mosquitoes onto their clothing, forming a crust they would have to break with knives, about the coal tender who got drunk while watching over the furnace and how they had found his body drained of blood....

Eugenio is right. The Cardenas mangrove swamps are much more hospitable because at least there are no curasi.

Conquering the Swamps

The bulldozer roars; its powerful steel caterpillar treads leave the embankment and compress the mire, overcoming the misshapen friction.

The slender mangrove trunks fall like wooden soldiers before the invincible blade that has so often bested ceiba trees and palms. A breach is opened in the heart of the swamp and the trucks arrive, dumping coconut shells on the carpet of leaves and branches. Then the grader compacts the surface again and again.

Thus, while Eugenio's men were drilling into the earth and building the first inclined well which, over 2 kilometers deep, penetrates the Cardenas Bay as far as five blocks from the coast, the other men were drilling into the mangrove swamps.

They are from EOL 3 [Engineering Projects Enterprise] from Havana Province and they are building what will be the first oil highway in Matanzas, a highway nearly 13 kilometers long running along the bay from Sigüapa to the vicinity of Playa Larga in Sanders City.

Its purpose will be to provide access to the drilling platforms that will rise up alongside it to penetrate the subsoil both vertically and on a slant, in the direction of the miry zone and toward the bed of the bay, where it is hoped that large deposits will be found.

Facilities and Development

The good production results of the first wells put into operation south of Varadero required a solution for the hauling of crude oil other than the constant goings and comings of tank trucks between that area and Havana City, which was not economical and detrimental to the ecological balance and aesthetics of Via Blanca.

It was necessary to build a storage and shipping terminal at the Cardenas port. The facility was completed in 1978 and made it possible to increase extraction and make hauling cheaper.

Since that time, the tank trucks have to travel 20 kilometers at most from the wells to the terminal, most of them on second-class roads.

There they dump the oil into underground tanks, and derrick pumps operated by steam move it to two tanks with a capacity of 3,000 cubic meters each. From the tanks, the oil is pumped to the ships that take it to the refineries.

In addition to this facility and about 40 wells, including both production and prospecting wells, the enterprise has the La Cuchurra center of operations, another spot close to Santa Marta.

Here are the offices of the production units (drilling, extraction, special operations and support), the transport base, maintenance and repair shops, the lab plant and storage.

New Professions

Along with the development of the technology and facilities that are transforming the landscape, a veritable army of skilled workers, technicians and engineers is emerging in this mining activity that is practically new to our people.

Before the Revolution, there did not exist a single Cuban petroleum engineer. Today, this enterprise alone has 41 university graduates in the different areas of drilling and extraction, geophysics, geology, industrial and mechanical engineering. Many of them graduated in the USSR and Rumania.

Exploration and the development of deposits during the pseudorepublic were spotty, done by American companies and employing Cubans only for the heaviest work.

Today, oil projects in northern Matanzas employ 1,300 workers, including some who began with the Yankee companies. The majority are young workers learning on the job, as well as graduates from the Vitalio Acuna Institute of Oil Technology in Cárdenas.

Jorge Luis Llozano, 20, is from this group, graduating in July 1979. We found him among Eugenio's men: "Every day, we learn something new, about geology, and chemistry, or as a drilling assistant. That is why I like this job so much."

Everyone, young and old alike, receives valuable knowledge from individual efforts, from the observations of Cuban engineers and specialists or from the valuable experiences of the Soviet advisers.

They share a common hope about which they speak enthusiastically at the drilling sites at night, while they seek refuge from the mosquitoes in the lodge or at daybreak, their eyes set on the interminable mangrove swamps. Their hope that every prospecting project, every new well or deposit will be one more element that will develop this oil area and turn it into a great source of wealth for the people.

It is not a dream because they yearn for it awake, looking to the future, their feet solidly planted on their own efforts and daily action.

Geologically speaking, it is a very difficult area that makes research expensive and urgent, but the prospects are good.

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'GRANMA' PLAYS COSTA RICA'S PRESIDENT AS 'STAR OF TRASH'

Havana GRANMA in Spanish 17 Jun 80 p 6

[Text] Rodrigo Carazo is an unusual, capricious person.

Bourgeois politicians are accustomed to doing many things when they arrive at the pinnacle of power. The history of politicking in the "representative democracies" is replete with examples of corruption, deceit, demagoguery and violence used by one aspirant against another. The Watergate scandal was an eloquent example in the United States.

In America artists also frequently use the Hollywood route to climb to government positions. They take advantage of the influence of the cinema and its role as an instrument for alienation of the masses in that country to manufacture a leader's image for the candidate. And so there are those who, like Ronald Reagan, aspire to go from cowboy to president, from "Western hero" to "champion of the Western world."

The curious thing is that after traversing a long path full of dirty tricks, shady deals and immorality, the winner in the bourgeois political lists is then treated as if he were a decent person. Thus a person like Richard Nixon, who in any halfway serious country would be imprisoned as an embezzler and swindler, had to be called "excellency."

But, let us return to Carazo, that unusual, capricious person who is president of Costa Rica.

Carazo wants to be original; after having done all the things he had to do to become president, he mourns the past, and instead of adopting the serious, reflective and respectable pose of a statesman, he wants his presidential mandate to be remembered forever for its lavish output of demagoguery and politicking. Perhaps because he has seen many American films, he also has an obvious vocation as an actor. He is a sort of inverted Reagan. He wants to get to Hollywood by way of the presidency of Costa Rica.

Obsessed by theatrics, drunk with applause and publicity, dreaming of the day when teenagers will chase after him for his autograph, Carazo's presidential

term is slipping by without his presiding, without his concerning himself with the problems for which he was elected. Shut up in the small room formerly used as a presidential office, he only thinks of shaving and makeup, and he spends hours in front of the mirror, practicing, making faces. Ministers and advisers are kept cooling their heels outside. What does it matter that there are hundreds of thousands of unemployed Costa Ricans demanding jobs, that near the palace-theater, barefoot, undernourished children are wandering about without schools and hospitals? That workers are on strike, demanding better salaries, that thousands of students are shut out of the university for lack of resources? That the majority of the people live a marginal existence, beset by grave social problems? That the people are weary and demanding change? No matter. No one dares to knock at the door. Neither the ministers nor the advisers dare interrupt Carazo when he is in his artistic trance.

From time to time Carazo opens the door and goes out, but he doesn't do it to concern himself with any of those problems for whose solution he was supposedly designated.

No. Sometimes he comes out all dolled up and wearing makeup, because he knows there will be cameras, lights and microphones. He goes to the airport, stops by a plane, clears his throat, says a few words and embraces a few of the criminals who have come from Havana. Another day he calls a group of friends together, because this has been suggested to him by Mr Bowdler who, although he works in the State Department, may have connections in the theater, and he proposes that they put on a show in which Carazo would be the star and the trash the chorus. But the show fails in the first act, and Carazo does not get a contract.

Last week Carazo went to Paris, since he heard that a walk along the Seine is part of an actor's training. There, also, were cameras, lights and microphones. And since Carazo wants to be original, since he likes to attract publicity with extravagant postures, he couldn't think of anything better to do than defend the reactionary junta which is presently in power in El Salvador, justify its crimes and explain why he, a man of fine artistic sensibilities, supports a gang which daily murders dozens of patriots. But he was not offered a contract in Paris, either, in spite of his efforts, although he did everything possible to show off his talent for the stage. Somebody suggested another idea to him. There was still hope. And he went to Miami, where he had some friends waiting for him with cameras, lights and microphones. He smiled as he was leaving the plane. He received embraces and kisses and flowers. He was moved. He repeated the little phrases they had taught him, with the hysterical gestures he had practiced so often. He reproduced, word for word, the demagogic position of the Yankees, according to which the settlement of the antisocials "must be done in an orderly manner," and he said that Costa Rica continued to be ready to receive them "With open arms." He attacked Cuba, its revolution and its people. He proclaimed himself the great friend of the antisocial elements, lumpen and delinquents who had already arrived there from Mariel. It is confirmed that he even recited a poem dedicated to the trash.

Then he returned to Costa Rica, and while in the streets the people continued to protest, while in both city and countryside the Costa Rican masses continued to struggle for a dignified future which they will finally achieve when they are freed from fraudulent politicians and demagogues. Carazo shut himself up in his little room. He was more tranquil, more confident in the future. Now he could wait until his presidential term was over.

For afterward, he hoped, his dreams would become reality. He would be an "actor." Perhaps he would not dance the can-can. Probably he would not be a film star. But there was always the trash. And Carazo would be their star. The contract is signed.

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CSO: 3010

RAUL CASTRO ATTENDS MEETING ON LOCAL GOVERNMENT ORGANS

Havana GRAUMA in Spanish 19 Jun 80 pp 1, 3

[Article by Lazaro Barredo: "Raul Attended Meeting of Supervisory Office of Local People's Government Organs")

[Text] The presidents of the provincial assemblies participated. He announced that the Territorial Militia will be created soon. The meeting covered the new billing and collection system for electric service, problems with the supply of materials and problems that affect sugar production. There was also an analysis of the application of measures to increase demand and efficiency in the local administrative system.

Army Gen Raul Castro, second secretary of the CC [Central Committee] of the PCC [Communist Party of Cuba], announced that the Territorial Militia will be created soon, once organizational details are determined.

The second secretary spoke at the seventh meeting of the Supervisory Office of Local People's Government Organs attended by the presidents of the provincial assemblies and that of the Isle of Youth. Faustino Perez, head of that office and a member of the CC of the PCC, presided over that meeting held on Tuesday and Wednesday.

The minister of the FAR [Revolutionary Armed Forces] also stated that some units of the Territorial Militia are being organized experimentally in different provinces. This will provide the necessary experience to draw up the guidelines in order to extend the formation of units of this people's defense force to the rest of the country. The Ministry of the FAR will soon issue directives to create these units based on the experience obtained.

He also stated that this is not a simple task. The masses want to join the units of the Territorial Militia immediately but the most important thing at this time is not to act by local initiative but to work in

coordination with the provincial party committees, the people's government and the army headquarters in the respective provinces to organize the different units at the proper time.

He continued to say that, as Commander in Chief Fidel Castro stated in his speech on 1 May, all citizens who are capable of fighting--with the exception of those who are in the reserves of the regular units (and in Civil Defense)--can belong to the Territorial Militia if they meet the requirements that will be established, especially voluntariness, selectivity and the corresponding regulations.

Comrade Raul participated in a frank discussion with the presidents of the provincial assemblies. He was also interested in the debates on other topics included in the agenda, particularly the analysis of the social problems that affect sugar production and the situation of the sugar mill compounds in the cane enterprises.

Others present were Div Gen Senen Casas Regueiro and Div Gen Abelardo Colome Ibarra, both members of the CC of the PCC.

Demand, Efficiency in Local Administration

The topic of demand and efficiency in the administrative system was debated at length during the meeting. The objective was to analyze what has been done and what can be done so that Fidel's proposals become reality in the administration of the local people's government organs.

Faustino Perez said: "We know that there are many serious objective limitations, but it is also true that we do not come close to using the resources we have optimally. There is still a lot of room and many possibilities for improving administration in all fields of activity."

He added: "The successes achieved in many sectors of the economy and services--not counting the major feats of our people--show that the motivated, well-organized and well-led workers are capable of attaining high goals and stable, satisfactory and even optimum results in spite of the difficulties and limitations imposed by underdevelopment."

He said: "It suffices to mention the solid, sustained and successful work achieved in poultry production and milk production (the Havana provinces have surpassed 1 million liters per day), the development of the million-arroba movement in our sugar harvests, the positive and quick changes in bus service in the city of Havana, the obvious recovery in the quality of public health work and the many educational centers that show truly exemplary results."

He stated: "In our opinion, one of the principal aspects that still offers unexploited possibilities is expansion of the work with the masses. In our opinion, a cardinal objective of leadership should be to achieve motivation

and the enthusiastic and conscious participation of all the workers in every center or sector in making important decisions, analyzing the progress of tasks and results of work and sharing the benefits and joys of success and the consequences of failure."

Several presidents of the provincial people's government executive committees gave their opinions, pointing out experiments in increased supervisory work not only by the province and the cities but also by the central administration organizations. This has helped fight against the problems and inadequacies in different activities.

It was felt that there are still problems in services where the optimum quality aspired to has not been achieved. However, there has been progress this year.

It was also stated that there are some factors that cause problems in the administration of the people's government, such as repeated lack of fulfillment of the quota because of nondelivery of supplies. Nevertheless, this has improved recently. Also there is less demand by different administrative leaders in the application of Decree Laws 27, 32 and 36 which include measures on administrative infractions and violation of labor discipline.

The meeting also covered the possibilities of developing aquiculture in dams.

Flavio Bravo, member of the CC of the PCC and vice president of the Council of Ministers, and Jose A. Fernandez Cuervo Vincent, minister of the fishing industry, explained the prospects for stocking 43 large dams and the need to give incentives to development of small stocking stations and increase this work in more than 400 other dams.

They pointed out that such installations require only small investments but the spread of aquiculture can be a solution for food with low-cost fish in a few months. If the dams are stocked, they will yield significant production.

Economics Schools

The present situation and prospects of the national and provincial SDPE [Economic Management and Planning System] schools were also discussed.

Gilberto Diaz, vice president of JUCEPLAN [Central Planning Board], and Rosendo Morales, director of the National SDPE School, evaluated the achievements and problems in the task of training cadres within the work schedule approved by the First Party Congress.

In the explanation to the presidents of the provincial people's government assemblies, they pointed out the evolution of this proposal in less than 4 years: not only the creation and subsequent development of the National SDPE School but also the progress in opening 11 provincial schools. Some

10,000 economics cadres have gone through the different courses offered there.

They also referred to the sustained increase in the material study base to adequately train the students and the level that is already being achieved with the establishment of advanced courses in the National SDPE School starting in September and some 20 postgraduate courses closely tied to the immediate tasks of the SDPE.

Nevertheless, some inadequacies can be noted as a result of stagnation in the conception of these courses.

For example, it has been learned that 29 percent of the directors and 30 percent of the assistant economic directors of national enterprises have still not gone through the school while 25 percent of the directors and 41 percent of the assistant economic directors of local enterprises have not graduated.

One of the subjective reasons for this unacceptable reality is the mistaken idea that middle and advanced level technical and professional training replace the specific training for the positions of leadership, thus underestimating the training and practice received in these courses.

Another mistaken idea mentioned was that there are cadres which are never sent to the school because they are "irreplaceable."

These anomalies are more obvious in some ministries and in the provinces of Ciego de Avila, Havana, Sancti Spiritus, Villa Clara, Granma, Camaguey, Las Tunas and Santiago de Cuba.

The possibility of expanding the courses of these schools in the future to facilitate training the leadership cadres of the local people's government organs was also considered.

New Collection System for Electric Service in October

Joel Domenech, member of the CC, vice president of the Council of Ministers and minister of basic industries, and Jose Luis Beltran, first vice minister of basic industries, told the people's government presidents about some measures that have been adopted to put the new billing and collection system for electric service into effect beginning in October.

They explained that the new electric rate tries to give incentives for savings and to increase the cost per kilowatt-hour for large residential and government consumers.

To make this new rate effective and to keep errors to the minimum, monthly billing will be established as of that date as was agreed at the National Assembly. In other words, the consumption of each user is checked each month by the collectors who are now being trained in this work.

The practical work style that has been established by this ministry and the local people's government organs to resolve the problems that most affect the people was again pointed out: for example, the solution to the illegal electric hookups, the extension of new lines and the installation of some 300,000 meters in these past 2 years.

The leadership of this ministry and the people's government presidents agreed to coordinate a discussion soon, through the Supervisory Office of Local People's Government Organs, to analyze existing problems with supplies of domestic fuel and to find a solution to this problem that so many people complain about.

Social Problems That Affect Sugar Production

Another matter discussed at length at this meeting was the social problems that affect sugar production and the situation in the sugar mill complexes of the cane enterprises.

Opinions on this were given to the leaders of the local people's government organs by: Diocles Torralba, vice president of the Council of Ministers, minister of the sugar industry and a member of the CC of the PCC; Antonio Esquivel and Jorge Lezcano, both ministers and members of the CC of the PCC; Raul Trujillo, vice minister of the sugar industry; and deputy Marcos Portal.

The prospects of sugar production for the next 5-year period were analyzed. This pointed out the need for indispensable priority to the social problems that affect the stability of the labor force and are subjective factors in effectively planning the work in this important branch.

Attention was called to the need to improve living conditions, services and cultural, recreational and sports activities in the sugar mill complexes of the cane enterprises as a stimulus for those who make production of the greatest wealth of the country possible.

It was the unanimous opinion that attention to the problems of housing maintenance, services and other community activities that have been basic functions of the Ministry of the Sugar Industry should be transferred to the local people's government organs in accord with the recommendations made by the National Assembly.

The cities and provinces also gave an exhaustive analysis through the people's government assemblies and executive committees for an immediate review of the minor problems that affect the sugar mills and cane enterprises. These will be used to discuss possible solutions with the resources of the localities themselves and to write up an integral plan that, through national investments, will help improve the living conditions of the workers in our principal industry.

Antonio Esquivel summarized the measures adopted to guarantee the next sugar harvest. Priority attention will be given to the man and his social needs in the sugar harvest.

Other Matters

Carlos Galvan, president of INDER [National Institute for Sports, Physical Education and Recreation], and Manuel Gonzalez Guerra, chairman of the Cuban Olympic Committee, attended the meeting to report on the preparations of the Cuban delegation which will attend the Moscow Olympics in July. They pointed out the intensive training of our athletes at this time and the possibilities of surpassing their performance in Montreal.

Preparations for the carnivals that will take place in July and August were also reported. It was learned that the Ministry of the Food Industry will guarantee the supply of more than 6 million cases of beer.

Other topics covered at this meeting included maintenance of a large number of rural schools, the encouragement of revolutionary traditions for weddings and birthdays and the situation of youths who do not study or work.

Finally Dr Raul Roa, member of the CC of the PCC and acting president of the National Assembly, reported on the agenda for the next regular session of the supreme organ of state government beginning 2 July at the Palacio de las Convenciones. He also reported on the work plans of the National Assembly.

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CSO: 3010

STATE ARBITRATION WARNS OF WAR AGAINST INEFFICIENCY

Havana TRABAJADORES in Spanish 24 Jun 80 p 3

[Article by Renato Recio: "State Arbitration--A Well-Publicized War"]

[Text] The words "state arbitration," although far removed from all magical content, might resemble to a certain extent the "Open Sesame!" of the well-known Arabian story.

It's just that with reason its been said that the crux of the Economic Management and Planning System is based on these two words which, stripped of all fetishism, seen as an indispensable complement and link of a necessarily complex and harmonious system, also lead to wealth.

Anyone can understand that in a society where the Law of Value and monetary-mercantile relations govern, sales by prior contract must be the formula for realization of products and services.

Without a contract of sale to regulate and control the many relations taking place between thousands of enterprises, budgeted units, agricultural cooperatives and other institutions, there would be chaos in the economic life of a nation. It would be akin to a conversation among people who are all speaking in different languages.

It is by means of a contract that the obligations of the parts are established and that the objectives, terms, conditions and other circumstances of such obligations are set forth.

Not only must such obligations be subject to certain rules, they must also be controlled, and failure to fulfill them must be penalized because, as Politburo member and Justice Minister Osvaldo Dorticos once said: "There cannot be discipline without rules and there cannot be rules without penalty."

State arbitration has been created for this: to understand and judge over conflicts of an economic nature that may arise with respect to monetary-mercantile contracts.

It is not difficult to imagine the improvement that would result in terms of the efficiency and quality of our production and services if every economic action were supported by a strict contract specifying the quality, assortment, timeframe, form and place of delivery, value and other specifications. It is the failure to live up to such specifications on repeated occasions that is harming the economy in general and consumers in particular.

Yet the operation of state arbitration is incomparably more difficult, of course, than opening the cave with the treasure by merely saying "Open Sesame!"

For some years now we have been working on the creation of the human, material and methodological factors required in order to make the new institution operational. It is such an important institution and so great is its value and its necessity considered that state arbitration will begin before the end of this year, even though all the legislation that would govern the economic relations and contractual arrangements between the enterprises, budgeted units and other organizations subject to economic contracts has not been completely approved.

This does not mean that we are going to improvise as we go, but rather, that having paved the way with all the minimum conditions, state arbitration can be launched, perhaps at a lesser degree of efficiency, and begin to effect its beneficial influence over our economy.

We have already seen this influence take its effect in the preparatory phase, just with the arbitrators and the territorial arbitration organs. Even without legal authority and unable to proceed institutionally, they have performed a significant public information role in the economic organs. Undoubtedly, this has had some effect in the increase of contracting noted this year.

It must be said that management in this country frequently are uninformed, underestimate or reject the contractual exercise and the primary task of state arbitration is quite elementary: to create an awareness on the obligations entailed in contractual relations and on the consequences that they might suffer for failure to meet such obligations.

This was put in other words by Dr Miguel Reyes, chief arbitrator of the National Organ of State Arbitration, when he said that arbitration was not an apparatus created for the purpose of repression and that, consequently, he wants to give warning well in advance of his war against inefficiency and so avoid casualties.

CSO: 3010

FOREIGN POLICY AT PURSUED IN AFRICA, USSR, YEMEN, EUROPE

Cooperation With Ethiopia

Havana GRANMA in Spanish 27 Jun 80 p 2

[Text] Cuban-Ethiopian economic and scientific-technical cooperation during the period 1979-1980 had very positive results, according to the findings of the opening session of the Second Intergovernmental Meeting on Economic and Scientific-Technical Cooperation between our countries in those sectors which was held yesterday afternoon in the Sierra Maestra Hotel.

The Ethiopian delegation is headed by Yusuf Ahmed, minister of communications and transport and a member of the Central Committee of the organizing committee of the Ethiopian Working People's Party, who arrived in this capital yesterday morning. He is accompanied by a group of leaders and officials of several ministries and enterprises of that sister country and the first secretary of the Ethiopian Embassy, who is acting in place of the ambassador.

During the opening session Marcos Lage, minister of the steel-working industry, who is a member of the Cuban delegation, talked about the positive results of the joint effort stipulated to the agreement signed in May 1979 at the initial meeting in Addis Ababa. In this regard, he reported that cooperation programs established by this agreement had a completion rate of 90 percent, in addition to several other objectives which were included during the year.

For his part, Yusuf Ahmed, on behalf of the Ethiopian delegation, expressed his pleasure over the positive evaluation of the cooperation and its extension to other sectors of endeavor. He also emphasized the manner in which Cuban cooperation will contribute to the development of Ethiopia and will further strengthen the bonds of friendship between the two countries.

Prior to the meeting, an advance group of the Ethiopian delegation had been working in committee on the preparation of the agreement which will be signed by both countries Tuesday and which will cover cooperation during 1980-81.

The following committees have had the greatest amount of work: higher education, public health, construction, agriculture, several specialties in the basic industry sector, physical planning, transportation and communications, among others.

The Cuban delegation included Raul Curbelo, member of the Central Committee and head of the Cuban civilian cooperation effort in Ethiopia; Raul Donas, vice president of the State Committee for Economic and Scientific-Technical Cooperation; Raul Hernandez Cartaya, first vice minister of communications; and other officials and representatives of institutions and ministries taking part in the Second Intergovernmental Meeting.

This weekend, the Ethiopian delegation will visit mid-level schools on the Isle of Youth where about 2,400 youths from that brother country are students.

Price Accord With USSR

Havana GRANMA in Spanish 27 Jun 80 p 2

[Text] Yesterday, Acting Minister of Foreign Relations of the Republic of Cuba Rene Anillo and USSR Ambassador Vitaliy I. Vorotnikov exchange the protocol ratification instruments signed in Moscow on 1 February 1979, on partial modification of the agreement covering the determination of prices in trade exchanges between Cuba and the USSR during the period 1976-1980 which was signed in Moscow on 6 February 1976.

Also present were German Amado Blanco and Pelegrin Torras, vice ministers of the MINCEX [Ministry of Foreign Trade] and MINREX [Ministry of Foreign Relations], respectively; officials of the Soviet Embassy in Cuba; and other MINREX officials.

USSR Foreign Trade Official

Havana GRANMA in Spanish 27 Jun 80 p 2

[Text] Guillermo Garcia, vice president of the Council of Ministers and minister of transportation, received N. N. Smeliakov, USSR vice minister of foreign trade. During the meeting, subjects of interest were discussed concerning reciprocal deliveries of merchandise and specific aspects of Soviet transportation equipment.

V. N. Brumistrov, USSR commercial representative in Cuba, and other officials of both countries attended the talks.

Cooperation With Yemen

Havana GRANMA 27 Jun 80 p 2

[Text] Havana (AIN)--The results of talks during the Second Intergovernmental Meeting for Economic and Scientific-Technical Cooperation between Cuba and the People's Democratic Republic of Yemen were described as favorable for the development of relations between the two countries.

The working sessions, which ended yesterday in this capital, were chaired by Jorge Fernandez Cuervo Vinent, minister of the Cuban fishing industry, and Haider Abu Bakr al-Attas, member of the Central Committee of the Socialist Party of Yemen and minister of building.

During the final day, preceding the cooperation protocol which will be signed today, Jorge Fernandez said that in spite of underdevelopment, both nations have important resources upon which cooperation in the next few years will be based.

For his part, Haider Abu Bakr emphasized that the climate of friendship, cooperation and brotherhood which characterized the talks is a reflection of the common struggle of the Socialist Party of Yemen and the Communist Party of Cuba to strengthen relations between the two states.

PDRY Building Minister's Visit

Havana GRANMA in Spanish 27 Jun 80 p 2

[Text] Carlos Rafael Rodriguez, member of the Politburo and vice president of the Councils of State and Ministers, received Haider Abu Bakr al-Attas, member of the Central Committee of the Socialist Party of the People's Democratic Republic of Yemen and minister of building, who is heading a delegation participating in the Second Intergovernmental Meeting for Economic and Scientific-Technical Cooperation between Cuba and Yemen.

The meeting was also attended by Ahmad 'Ali Maysari, ambassador of the People's Democratic Republic of Yemen, and Justino Baro, Cuban ambassador to Yemen.

Netherlands Social Democrat Visitor

Havana GRANMA in Spanish 27 Jun 80 p 2

[Text] Carlos Rafael Rodriguez held talks with Max Van-Der-Berg, president of the Social Democratic Party of the Netherlands. Mario Rodriguez, vice president of the ICAP [Cuban Institute for Friendship with Peoples], also attended the talks which demonstrated the cordial relations existing between both countries.

Italian Mayor Visits 'GRANMA'

avana GRANMA in Spanish 27 Jun 80 p 2

ext] Luciano Manzì, mayor of Collegno, Italy and promoter of the Association of Italian-Cuban Friendship in that city, visited our editorial offices where he was received by Jorge Enrique Mendoza, member of the city's Central Committee and editor of GRANMA, and Elio E. Constantín and Tuhai Pass, assistant editors. The visitor was accompanied by Horacene Fernandes, an official of the West European Department of the ICAP.

Mexican Newsmen Visits 'GRANMA'

avana GRANMA in Spanish 27 Jun 80 p 2

ext] Luis Gutierrez Esparza, assistant editor and chief of the international information desk of the newspaper EL SOL DE MEXICO, visited the editorial office of our newspaper accompanied by his wife, Veronica Aguilar. During their visit, they were escorted by Marta Rojas and Hector Hernandez Cedo, of the GRANMA's Editorial Council.

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01 3010

HAVANA CHARGES U.S. TRYING TO CREATE L.A. MULTINATIONAL ARMY

PA180227 Havana International Service in Spanish 2310 GMT 17 Jul 80

["Our America" commentary]

[Text] Frequent reports about a plan to form a military force with soldiers from the Andean Pact countries, is indeed a serious matter, considering that these reports increased following the meeting last week between Venezuelan President Luis Herrera Campins and U.S. Navy Secretary Edward Hidalgo (as heard). For us, it is no news that the U.S. Government is trying to create a Latin American multinational army to fight against the national liberation movements in Latin America.

Still fresh in our memory are the U.S. efforts to create the inter-American peace force during its military invasion of the Dominican Republic in April 1965. Although it dragged Brazil, Honduras and Costa Rica into this outrageous action, the majority of Latin American countries opposed the U.S. maneuvers and the plan collapsed.

U.S. imperialists have continued promoting similar plans. One of these plans is the creation of the South Atlantic Treaty Organization with the participation of Brazil, Uruguay, Paraguay, Argentina, Chile and South Africa. There is something going on because this plan has been given special attention following U.S. Navy Secretary Hidalgo's visit to Venezuela, Argentina and Brazil. It is obvious that the reason to have these regional or sub-regional military blocs is to directly oppose national liberation movements, which cannot be stopped because the possibilities of a U.S. direct intervention diminishes every day.

The U.S. military intervention in the Dominican Republic was strongly criticized throughout the world and it was a serious political setback for imperialism.

U.S. plans for a military intervention in Nicaragua in July 1979 were also strongly criticized. The idea was to prevent the triumph of the people's revolution.

U.S. threats to directly intervene in El Salvador have been strongly criticized. The United States is supporting the Christian Democratic military junta which does not have the Salvadoran people's support.

U.S. imperialists are trying to create a multinational repressive body in Latin America which will take the costly and serious risks of direct intervention against another country. The creation of the so-called peace forces from the Andean Pact countries and the South Atlantic Treaty Organization would serve this purpose.

A Latin American government that collaborates with these imperialist plans is committing the worst treachery.

The country that collaborates with the United States in its cold war policy and in an eventual aggression against nations in our America, would have to respond to the world for their actions which would threaten peace in the region and the rest of the world.

The United States and other countries interested in participating in U.S. warmongering adventures, must not forget that the people have always defeated those who participated in this type of aggression. It happened in Korea, Indochina, Angola, Ethiopia and Cuba, and it will happen again in our America.

CSO: 3010

RADIO HAVANA ASSAILS SALVADORAN REGIME

PA171424 Havana International Service in Spanish 2310 GMT 16 Jul 80

["Our America" commentary]

[Text] Last Monday, news agencies reported that 64 bodies of persons murdered by repressive forces in El Salvador had been found in the past 24 hours. The reports said they all had signs of having been tortured, bullet wounds and big gashes produced with knives and machetes. Thirty-one bodies were found in Santa Ana, the second largest city in the country, and 28 in San Salvador. [figures as heard]

According to an AP report, the Salvadoran authorities deplored and condemned the crimes being committed every day in this country estranged by political violence. Although this news makes the front pages every day, it still causes profound indignation to the world. The fact is that for the past few months El Salvador has been the theater of merciless genocidal action. Thousands of Salvadorans have died under the Christian Democratic military government which is being supported by the United States and other reactionary forces from Latin American countries. Mankind is indignant because of the massacre of Salvadoran people on behalf of democracy and order. What is even worse, the United States is not only giving political and military support to the Salvadoran military regime which is committing the most horrible crimes, but it has also threatened to intervene in El Salvador if the revolutionary forces seriously endanger the regime in power.

The countries of the world also are indignant over the fact that COPEI, the party in power in Venezuela, is actually supporting the Salvadoran genocidal regime and also promoting the creation of a military force from the Andean Pact countries, which could eventually intervene in El Salvador.

The people are deeply indignant to see that the OAS, the Andean Pact countries and the governments of countries which claim to be the champions of human rights, are maintaining a cowardly silence regarding the crimes that the Salvadoran Christian Democratic military junta is committing.

It is also irritating to see AP reporting that the Salvadoran regime deplores and condemns these crimes. Why should it? Is not the regime responsible for these crimes?

The Salvadoran genocidal regime wants international public opinion to believe that the terrorist gangs daily killing thousands of Salvadorans throughout the country are out of control. What is even worse, the regime often accuses the revolutionary forces for these crimes.

U.S. imperialist news agencies are all working for the Salvadoran genocidal regime. Although they cannot conceal that thousands of people are being killed in El Salvador, they do try to make the people believe that the tyranny has nothing to do with the massacre of people. They know that they are lying. They are covering up for the real criminals, for the henchmen, for those who are killing children, women, youths and old folks in cold blood and for those who are trying to hold on to power that represents imperialist exploitation and protects traitors, murderers and mercenaries.

CSO: 3010

FIDEL, RAUL CASTRO MARK PIONEER CHILDREN'S DAY

FL211051 Havana Domestic Service in Spanish 1000 GMT 21 Jul 80

[Text] A message addressed to the Pioneers by Commander in Chief Fidel Castro from the aircraft taking him to Nicaragua was read yesterday at the main event marking the day of children held at the Ernesto Guevara Palace of Pioneers in Lenin Park. In recent years I have always commemorated the day of children with the Pioneers, the message read. Together with the emotion and joy to visit and see Nicaragua and its heroic people, I feel the sadness of not being able to be with you on the 20th, the message stated. Beginning now, Fidel said in the message, you must learn how beautiful and humane is the principle of proletarian internationalism. Some day you will have the opportunity of participating in many of these heroic and beautiful internationalist missions in any fraternal country requiring our assistance or of working in our fatherland, the bulwark of the revolution and internationalism, Fidel stated.

In his message the commander in chief noted that in the great patriotic and popular battles of this year's April and May, the youth and the Pioneers were at the vanguard of the effort. In closing, he stated: You are the most beautiful fruit of this revolution. We, the adult revolutionaries, feel very proud of you.

Army Gen Raul Castro, second secretary of the PCC Central Committee and minister of the Revolutionary Armed Forces, presided at the Pioneer ceremony. Raul toured some of the 175 exhibits of the circles of scientific and technical interest on display at the palace. The first one visited was the one dedicated to the armed forces where Raul was briefed on the characteristics of the interest circle on troops operating radar, radio technology and arms. He also visited the interest circle on stomatology and asked about the operation of its equipment. The Pioneers explained extensively and gave a demonstration.

At the Pioneers' sugar mill Raul asked about the daily grinding capability and he was informed it was 250 arrobas of sugarcane. Raul commented that the mill was the smallest in the world but that it should produce more than one of the last century. After touring the mill, he tasted the raw sugar

produced by the Pioneers. At the end of his tour, the party second secretary was interviewed by the children of the interest circles of the radio branch on his impressions of the exhibits, to which he responded: It makes us wish we could be a child again, be a Pioneer. I do not exaggerate if I say that we were not able to understand some of the things explained to us. After seeing this we wish we could build more palaces like this one, where each child may be able to develop his knowledge and aptitudes.

CSO: 3010

CUBA

CUBAN STAND ON REFUGEES REITERATED

FL221835 Havana Domestic Service in Spanish 1700 GMT 22 Jul 80

[Text] Cuba has reiterated that the antisocials of Cuban origin who left the country cannot be considered refugees since they were not subject to any type of persecution. Dora Carcano, Cuba's representative at the world conference on the UN decade on women in Copenhagen, Denmark, said to a working group on emigres: Those who left Cuba because they had no nationalistic feelings and love for freedom, cannot be called refugees and this has been confirmed by the UN high commissioner for refugees.

Dora Carcano thus refuted the statements made by the U.S. representative, who in a previous session had said that tens of thousands of refugees fled Cuba to escape the existing situation. The Cuban delegates were scheduled to speak right after the U.S. delegate but the plenum's chairwoman systematically prevented our country's delegation from speaking. Finally, when the Cuban reply was made, the audio and translation were cut off and the meeting was suddenly suspended without explanation. Addressing the plenum today, Dora Carcano said those actions were a coarse maneuver by the United States to stop the Cuban truth from being heard. She then added: It is to be deplored that the charitable heart of the U.S. delegate does not include the dramatic situation of millions of blacks and Indians, Chicanos, Mexicans, Puerto Ricans, Haitians and Latin Americans in the United States. The U.S. Government neither opens its arms or heart to them. Those who leave Cuba, she said, are almost all antisocial individuals who do not fit into socialism and who want to immigrate to the capitalist society which is their natural environment.

The Puerto Rican delegates also denounced the situation of Puerto Rican women who immigrate to the United States. In addition to other outrages, they even have to suffer forced sterilization.

CSO: 3010

NICARAGUA HAS VINDICATED POWER OF ARMED STRUGGLE'

PA231554 Havana International Service in Spanish 0000 GMT 23 Jul 80

[Station commentary]

[Text] The Nicaraguan people have celebrated the Sandinist revolution's first anniversary on a grand scale. There was great joy in Managua and other Nicaraguan cities and towns both because of the event that was being commemorated and because Fidel Castro, president of Cuba's Councils of State and of Ministers and of the nonaligned movement, attended the commemoration.

We Cubans feel very proud to be contributing to Nicaragua's reconstruction. Our participation in the educational area, for instance, is evident through the presence of 1,200 teachers in all corners of that country.

For many years we Cubans have also felt a profound admiration for the Sandinist revolution, which is supported overwhelmingly by the people because of its anti-oligarchic and anti-imperialist characteristics.

The Nicaraguan people's victory was obtained thanks to the victorious armed struggle waged by the Sandinist National Liberation Front and thanks to its successful campaign of unity among all the anti-Somozist forces intent on reconstructing the country.

Everybody knows that a few years after the victory of the Cuban revolution, and as the final touch to the guerrilla struggle waged in the Sierra Maestra, the revolutionary movement in Latin America was dealt serious blows. From that moment on, both imperialism and the continent's reactionary sectors undertook the task of promoting defeatist theories according to which it would be impossible to wage another revolution on this continent, particularly through the use of arms.

During the event held here in Havana to commemorate the Nicaraguan anniversary, Ramiro Valdes, member of the Communist Party of Cuba's Political Bureau, referred to this topic, stressing that efforts had been made to depict the experiences and teachings of the Cuban revolution as characteristic

of an exceptional development in history, without validity for any other Latin American people.

The Sandinist revolution, he added, has destroyed this reactionary view. It has irrefutably vindicated the power of armed struggle to destroy the repressive machinery of the military tyrannies oppressing the peoples.

Ramiro Valdes added: The Nicaraguan revolution was able to do this because the Sandinists knew how to combine the national patriotic and revolutionary roots with universal experience. That experience, of which the Cuban revolution is a part, was not copied superficially by the fighting Nicaraguans. Instead, they applied the universal concepts in an original and creative way suited to their country's situation and the solution of their specific problems.

Thus the Sandinist revolution once again shows Latin America's popular sectors and the rest of the world that it is possible to defeat and demolish the military and oppressive machinery of imperialism and the oligarchies. With its impressive example it shows the decisive historic role that the masses can play in the struggle for national liberation. It shows all the peoples that the revolutionary path and the determination to respond in their own language to the violence of exploiters is not a sterile path but a just and legitimate path whose effectiveness in eliminating crime and turning people into the real masters of their own destiny has already been proven.

CSO: 3010

HAVANA COMMENTARY HAILS NICARAGUA'S REVOLUTIONARY ACHIEVEMENTS

PA230440 Havana International Service in Spanish 2310 GMT 22 Jul 80

["Our America" commentary]

[Text] With a gigantic and enthusiastic meeting at Managua's 19 July square, a disciplined performance by the Sandinist Peoples Army and the militia, the waving of flags and enthusiastic cheers, the people of Augusto Cesar Sandino and Carlos Fonseca Amador celebrated the first anniversary of their victory over the Somozist regime of oppression and crimes.

The same Nicaraguan people who 1 year ago were dealing the final blows to the beast, dressed up for the festivities, burst forth jubilantly, gave serenades, decorated houses and buildings, saluted the people of the world and solemnly announced their right to reconstruct their country, destroyed by the ambitions and sadism of an insatiable and rapacious dynasty.

The presence of thousands of guests from all over the world, including several statesmen and more than 300 foreign newsmen, further enhanced the event held at the huge esplanade built across from the capital city's university grounds for this singular commemoration.

A giant billboard, which foreign guests noticed as soon as they reached the airport read: Brothers of the world, the Sandinist people greet you on their first anniversary. This billboard is like a symbol of the nation, inclined as it is to confraternity and cooperation with all peoples and to take the just path of reconstruction. Because, 1 year after its historic victory, obtained through the suffering and tenacity of a large group of heroes and martyrs, Nicaragua has undertaken its work in the various areas of social and economic activity. We can describe as notable the successes which, in only 1 year, have been obtained in two important areas of noble and useful work--health and education.

For the first time in the history of Nicaragua, hundreds of doctors, nurses and stomatologists have reached the most distant and inhospitable areas to aid the sick and save lives. Medical posts have been created and hospitals have been reconstructed. Health scientists from several countries are

sharing with Nicaraguan scientists the concern over aiding thousands of children and old people in the rural areas, who never before had had such an opportunity.

Meanwhile, thousands of young literacy crusaders, also coming from several countries, have decided to eliminate illiteracy this year, in what constitutes a hard and unselfish task, without historical precedent.

We say it is unprecedented because although Cuba eliminated illiteracy in 1961, the Nicaraguan people launched their educational campaign in the first year of their liberation from Somoquist oppression.

At the big festivity marking the first anniversary of the Sandinist victory, Commander of the Revolution Daniel Ortega made an important announcement that will affect the country's economic development: The upcoming promulgation of the agrarian reform law, which will guarantee the rational use of land and the end of big, unused and unproductive land holdings.

The Nicaraguan people's festivity on Saturday, at the 19 July square--filled with patriotic emotions, internationalist meaning, acknowledgement of the human value of their heroes, eternal remembrance for their martyrs and revolutionary reaffirmation--was also a festivity of America. The Nicaraguan people's long, bloody and difficult feat in the face of a bloody regime, which for over 40 years enjoyed the support of reaction and U.S. imperialism, symbolizes the right of all the peoples of our America and of the rest of the world to forge their own destiny.

Nicaragua today is both a flag and a symbol. It is an example of the heroic deed that a people are capable of carrying out when they decide to conquer their own destiny at the price of their own blood and by raising the flags of liberation and revolutionary unity.

CSO: 3010

BRIEFS

COMMENTARY EXTOLS NICARAGUAN REVOLUTION--One year has gone by since the triumph of the popular revolution in Nicaragua. Upon the ruins of a country destroyed by Somoziism, the people have been building a new free and sovereign fatherland. The economic reactivation of the country is being carried out despite the hostile attitude and even the sabotage of some reactionary elements in the business sectors. The national literacy crusade has put in motion approximately 150,000 young persons and adults. The Sandinist army and militia are growing stronger. During this first year of its popular rule, the government of national reconstruction has implemented political, economic and social measures such as the confiscation of Somoza's properties, the creation of the Agrarian Reform Institute, the nationalization of the foreign trade monopoly, the development of state farms and cooperatives and the creation of the State Council. All the people of this continent solidly support this profoundly humane and liberating work. Only the enemies of liberty, fascists, imperialists and reactionaries, can find reasons for disagreeing with what the Sandinist revolution is doing.

[Excerpt] PA240257 Havana International Service in Spanish 0000 GMT 24 Jul 80]

TECHNICIANS' GRADUATION--Graduation exercises were held at Miramar's Carlos Marx theater for intermediate level technicians, participants in specialized courses of study and qualified health workers of Havana City, chaired by Sergio del Valle, member of the PCC Politburo and minister of public health. Dr Gerardo de la Yera, deputy provincial director for education, noted in a speech that of the total graduates, 440 attended 13 specialized courses for intermediate level technicians and 321 attended courses of specialization. Out of the total, 256 of the graduates are qualified workers and the rest nurses. Jose Ramon Perez Valdivia, member of Havana City's provincial party committee, made the closing remarks at the ceremony. The participants in the ceremony expressed their most energetic condemnation of the imperialist attack against Cuban vessels and observed one minute of silence in tribute to the memory of master Jose Manuel Ventura Ventura. Oscar Fernandez Mell, member of the PCC Central Committee and president of Havana City's provincial people's assembly, also attended the ceremony. [Text] [FL182207 Havana Domestic Service in Spanish 2130 GMT 18 Jul 80]

EXPERIMENTAL SUGARCANE STATION--Antonio Perez Herrero, member of the PCC Central Committee Secretariat, has visited the Antonio Mesa sugarcane experimental station in Jovellanos, Matanzas Province, where he learned about recent research and future activities. Julian Rizo Alvarez, member of the PCC Central Committee and first party secretary in Matanzas Province, welcomed Perez Herrero, who was accompanied by Wilfredo Torres, president of the Cuban Academy of Sciences. [Text] [FL221359 Havana Domestic Service in Spanish 1100 GMT 22 Jul 80]

UNIVERSITY GRADUATION--Roberto Veiga, member of the PCC Central Committee and secretary general of the Central Organization of Cuban Trade Unions [CTC], has presided at a ceremony marking the end of the school term of the faculty of economics of the University of Havana. The graduation took place at the Felix Hermusa social club in Havana. The 1,403 graduates is the largest body to get diplomas from a Havana University faculty for the 1979-1980 school term. [Text] [FL221429 Havana Domestic Service in Spanish 1100 GMT 22 Jul 80]

MORE COOPERATIVES NEEDED--Arnaldo Milian, member of the PCC Politburo and minister of agriculture, has called for increasing the number of agricultural cooperatives and for introducing in them new technology and varieties of produce in a speech he made at the provincial assembly meeting held in Granma Province to evaluate, elect and/or reelect officers of the National Association of Small Farmers [ANAP]. There are 72 agricultural production cooperatives in Granma Province with 1,511 members and an area of 676 caballerias of land. The closing remarks of the assembly meeting were made by PCC Central Committee member and ANAP President Jose Ramirez Cruz, who called for redoubling efforts in the coffee crop, especially in case Granma's next crop will be affected by a drought. [Text] [FL221227 Havana Domestic Service in Spanish 1000 GMT 22 Jul 80]

ANAP COOPERATIVES--Jose Ramirez Cruz, member of the PCC Central Committee and president of the National Association of Small Farmers [ANAP], has attended the ceremony held in Ciro Redondo Municipality, Ciego de Avila Province, to merge seven production cooperatives into three large units. The ANAP president also participated in a ceremony to create the Martires de Bolivia cooperative with 71.2 caballerias and the merger of two others in Moron, consolidating 86 caballerias and 78 members. [Text] [FL231336 Havana Domestic Service in Spanish 1100 GMT 23 Jul 80]

DELEGATION IN COLOMBIA--The Communist Party of Cuba delegation to the second festival of VOZ PROLETARIA, organ of the Communist Party of Colombia, has met with the paper's editor, Manuel Cepeda. In his talks with Jose M. Ortiz, editor of the newspaper TRABAJADOR, and Tomas Martin Cala, of the America Department of the PCC Central Committee, Cepeda expressed the Colombian communists' satisfaction in hosting a Cuban delegation. [FL171729 Havana Domestic Service in Spanish 1419 GMT 17 Jul 80]

FIDEL AT IRAQI RECEPTION--Our commander in chief, Fidel Castro, first secretary of the party's Central Committee and president of the Council of State

and of the government, last night attended the reception given by (Alshat Aufid), Iraq's ambassador to Cuba, to celebrate the 12th anniversary of the Iraqi revolution. The reception was held at the Palace of Conventions and was also attended by Commander of the Revolution Guillermo Garcia, member of the Politburo and vice president of the Councils of State and Ministers; Flavio Bravu, vice president of the Council of Ministers; Antonio Enrique Lasso, president of the Cuban-Arab Friendship Association; and Secundino Guerra. They are all members of the party's Central Committee. Our commander in chief chatted fraternally with Mr (Alshat Aufid) and his wife and with other officials of the Iraqi Embassy in Cuba. [Text] [FL101124 Havana Domestic Service in Spanish 1045 GMT 18 Jul 80]

POLISH EMBASSY RECEPTION--Armando Hart, member of the PCC Politburo and minister of culture, last night attended a reception given by the Polish Embassy on the occasion of the 36th anniversary of that fraternal country's liberation from the Nazi yoke. Poland was the first territory to be invaded by Hitler's hordes and thanks to the unstoppable advance of the Red Army, together with Polish troops organized and trained in the USSR, was able to achieve liberation on 22 July 1944. [Text] [FL231352 Havana Domestic Service in Spanish 1059 GMT 23 Jul 80]

GRANMA PARTY PLENUM--The 17th plenum of Granma's provincial committee was chaired by Arnaldo Milian Castro, member of the PCC Central Committee Politburo and first party secretary at that level [as heard]. Among the agreements reached in the meeting are the intensification of cane field weeding in an effort to complete more than 1,000 caballerias before 25 July next and fulfillment of the sugarcane planting plan. Priority will also be given to the picking of tubers and corn because there is a rather large production of the latter in some municipalities. The Granma party plenum's participants also made a thorough study of the plan of economic and social laws for the 1981-1985 5-year period. [Text] [FL221648 Havana Domestic Service in Spanish 1411 GMT 22 Jul 80]

SANTA CLARA PARTY MEETING--Chaired by PCC Politburo members Sergio del Valle and Arnaldo Milian as well as Central Committee member Jesus Montane and Raul Rodriguez Lopez, first party secretary in Villa Clara Province to evaluate, elect and/or reelect officers of Santa Clara. After discussing and approving the main report read by Jose Andres Veitia, first party secretary in the city of Santa Clara, the participants elected the new municipal committee and Andres Veitia was ratified in his post. In his closing remarks Raul Rodriguez Lopez said the new committee will work for the proposed goals and eradicate still prevailing deficiencies. This party assembly meeting process continues to develop successfully in the 13 municipalities of Villa Clara Province in fulfillment of the program of activities prior to the second party congress. [Text] [FL231739 Havana Domestic Television Service in Spanish 1700 GMT 23 Jul 80]

BRIEFS

PUBLIC EMPLOYEE ABUSE LAW--Public employees will be directly subject to Decree 295 of the Revolutionary Government Junta, which prohibits them from participation in strikes, work stoppages or failure to perform their assigned duties. Article No 1 of this decree reads: "Strikes and collective neglect of duties by officials and employees of the government and decentralized [autonomous] institutions are illegal, in accordance with Article 110 of the Political Constitution." The decree clearly stipulates that agreements of any kind between officials or heads of agencies, directors, etc and their subordinates in organizations or associations having no legal status are strictly prohibited. The decree establishes notifications, recommendations and warnings for officials or heads of agencies or departments who do not strictly obey the law. As a last resort in repeat offenses, both the officials and the employees or subordinates will be dismissed. [Text] [San Salvador LA PRENSA GRAFICA in Spanish 26 Jun 80 p 3]

CSO: 3010

SECRETARY-GENERAL RAMPHAL CONCERNED OVER VIOLENCE IN REGION

Georgetown GUYANA CHRONICLE in English 3 Jun 80 p 20

[Article by Herman Singh]

[Excerpt]

COMMONWEALTH
Secretary-General Mr. Shridath Ramphal yesterday expressed concern at the "escalating violence" in the Caribbean region, and said it was in Guyana and in other parts of the region and that no one could cast a stone at each other.

Addressing a meeting of the Rotary Club of Georgetown at the Pegasus Hotel, he however, said that he was optimistic about the future of the region, adding that a change in the present situation would largely be dependent on the people's

choice of their leaders in the future.

MR. RAMPHAL, a former Foreign and Justice Minister of Guyana making his first public appearance since taking up his second term of office as Commonwealth Secretary General on Tuesday last, said that there were dark clouds over the Caribbean, but this was not the first time that such clouds hovered over the region.

Noting that the Caribbean region was nearest to his heart he said that many friends of the Caribbean were concerned about recent developments. They look to optimism at these developments but will not meddle, he said.

CSO: 3020

IMPORTANT CIVIL WORKS CONTRACT SIGNED WITH DUTCH

Georgetown GUYANA CHRONICLE in English 7 Jun 80 p 1

[Article by Nills Cambell]

[Text]

GUYANA and two Dutch Companies yesterday afternoon signed an agreement for development work on the Mahabury Mahabury MMA scheme, at a total cost of \$113 M, and this was described by Agriculture Minister Cdr. Kennard as the biggest contract signed by a Guyana government for civil works.

The companies, Ballast Nedam and Laren would undertake work including the development of a 32-mile main irrigation canal, secondary irrigation canals, a 27-mile feeder canal along the West Coast of Berbice, collector drainage structures, a pump station at Trafalgar, a spill weir of 5,000 feet and 11 miles of all weather road.

The contract further refers for work to be undertaken on the 35-mile-long embankment dam now being built on "lure account" by MMA workers.

The Agriculture Minister, signing on behalf of the Guyana Government, announced that funds for the project were being provided by the Guyana Government and by the Inter-American Development Bank (IDB) and expressed gratitude to the Bank and to the Government, on behalf of the Guyanese people. He said that the

successful completion of the MMA scheme would not only provide food for the Guyanese people, but that it would also help to supply food to other Caribbean countries as well, and for the world at large.

He said that the estimated cost of the exercise would be \$104 million in addition to \$9 million for contingencies.

Cdr. Kennard said that even before the completion of the MMA project, the improvement in drainage and irrigation facilities would allow far land to be given to farmers, and that persons who were desirous of becoming involved in agriculture would be able to obtain land and so contribute to the food production drive.

On completion of the multi-million dollar project, according to Cdr. Kennard, if available lands were to be utilized, then rice, which

would be the main crop, would be doubled.

He disclosed that the firms to whom the contract was awarded were reputable and that they had previously worked in Europe and in the tropics, and that they were acquainted with conditions similar to those that obtain in the MMA area.

In a short response, a spokesman for the two firms said that in a short time, persons residing in the area would observe the hive of activities connected to the Project when heavy duty equipment would be

travelling on the roads as workers undertake their jobs at night as well as during the day. He said that such activities were bound to have an impact on the life of the community both socially and economically.

A source close to the project said that the works should be completed within three years, and that the modified project would bring flood control to approximately 146,000 acres of land. 600 Guyanese are expected to work on the MMA Project.

CSO: 3020

COLUMBIST NOTES SIGNIFICANT GROWTH OF BAUXITE INDUSTRY

Georgetown GUYANA CHRONICLE in English 9 Jun 80 p 7

[Text]

Bauxite is the growth point of the economy. When bauxite prospers the economy prospers. If bauxite fails the economy would fail. This statement about bauxite carried the authority of the Prime Minister, and at this point it is useful to take an objective look at the performances of the company's growth point.

In April this year, Guyana's operations were reported to have set a new record since nationalisation of the industry, with the shipment from Berbice of 108,175 tons of bauxite. This comprised 8,064 tons of calcined bauxite, 57,663 tons of chemical grade bauxite, 24,291 tons of metal grade bauxite, 2,194 tons of alumina cement grade bauxite, with the Berbice-Linden transfer taking 15,963 tons of crude ore.

This shipment of bauxite was a record from Berbice. The economy's growth point, therefore, is actually growing. That was in May. At the start of June — this month — Comrade Pat Thompson, Chairman of the Bauxite Industry Development Company — (BIDCO) — commenting on the consolidated audited accounts of the Company and comparing them with the accounts for 1978 production, said that, though the overall results for the industry in

1979 were disappointing when compared with what had been budgeted, as well as with the results of 1978, production for the second half of this year would increase substantially.

Chairman Thompson gave figures of bauxite sales; 1978 sales reached \$300.66 million but the figures for last year show a drop of \$1.9 million in net income before tax in 1978 which was \$38.83 million while last year the figure was \$30.7 million. The account showed that the net income after tax for 1978 was \$22 million compared with \$24.14 million last year. Whisper is softly, not for it to have the effect of a sedative for lowered production but the effect for a stimulant, the growth point is indicating that it will lead the way to economic recovery, provided the dedicated dissidents are thwarted from pursuing their destructive strikes in the bauxite industry.

I recall the warning statement in the budget. It said "The strike in the bauxite industry was a tragedy for two reasons; first of all the 1979 recovery programme had been constructed on the expectation of a strong performance in that industry; and, second, the strike took place at a time when the price of bauxite products was high and the demand was buoyant.

In the favourable demand

conditions Bauxite could not honour many of its contracts to supply bauxite products and its reputation as a supplier suffered. Guyana lost opportunities for earnings estimated to be well in excess of \$40 million. Guyana and Guyanese workers and, most of all, the bauxite workers are too poor to suffer such losses with equanimity. These losses mean that in 1979 many new jobs that might have been created were not created; many new bauxite which bauxite and other workers might have earned; they did not earn; many jobs needed items (including spare parts) could not be imported. In this kind of situation nobody gains; everything but every Guyanese is a loser."

I have quoted from the Budget statement because, with the risk of economic recovery sliding across the stormy clouds of crisis, workers in the industry have to be reminded what was lost and who were the losers — all the Guyanese people who benefited when the economy's growth point grows.

Since the Guyanese workers finally control both the appearance and disappearance of that rainbow sliding across crisis skies, we must know that we are the members of our nation's destiny.

ECONOMY MINISTER LAUDS COOPERATIVES AS WAY OF LIFE

Georgetown GUYANA CHRONICLE in English 3 Jul 80 p 13

[Article by Balram Tulsai]

[Excerpts]

MINISTER of Economic Development and Co-operatives, Desmond Hoyte, has said that it is Government's belief that Co-operatives should be the form of social organisation in Guyana, not only for economic aspects, but as a way of life.

The growth of Co-operatives has not been spectacular but it was steady and continuous, so that today Co-operativism has a viability which has been eluding it in the past, he said.

Minister Hoyte's remarks came when he delivered the feature address at the official opening of the League Office of Guyana Co-operative Credit Union League Limited at D'Urban Street, Tuesday last.

Minister Hoyte stated that at the basis of co-operativism is the concept of equality of opportunity and declared, "I do not think that we can claim to care for fellow citizens if we do not ensure that they can live happy productive lives, and have the maximum of equality of opportunity to develop quality talents and show that we are entering a principle which we are prepared to act out in our life styles."

"Co-operativism is based on certain assumptions of human conduct, and behaviour, one of which is that people can, work together and help one another to improve, quite contrary, to approaches based on selfish and personal ideas," Cde Hoyte said.

Minister Hoyte said that in 1970 Guyana became a Co-operative Republic, but then many did not understand co-operativism. He added that over the past years co-operativism began to influence institutional life and to have an impact on social interventions.

The new constitution gives a pivotal role to co-operative organisations, in that they are charged to co-operate with other institutions to organise the country and ensure development, Cde Hoyte said. He declared that co-operatives were no longer something peripheral but in the very heart of the society.

The minister went on to say, that it will take a long time for many to accept the principle and the fact of an equality of opportunity. He added, "The crucial is not when the principle is articulated, not when it is put into practice but when its effects begin to be felt."

PNC DISCUSSES RODNEY BOMBING, VIOLENCE, OPPOSITION GROUPS

Georgetown GUYANA CHRONICLE in English 5 Jul 80 p 3

[Text]

CURRENT national and international issues came up for discussion last Wednesday at a members' general meeting held by the Georgetown Region of the People's National Congress in the Sports Hall.

Addresses were given by General Secretary of the PNC, Cde. Ptolemy Reid; Georgetown Regional Chairman, Robert Williams; Minister of State for Education, Jeffrey Thomas and Cde. Shirley Field-Ridley, Vice Chairman of the Women's Revolutionary Socialist Movement (WRS-M).

Topics discussed included the recent Rodney bombing incident, attempts by ambitious opposition groups to disrupt the smooth flow of national life, attempts at violence and the rotation of school heads.

During audience-participation session, members made forceful comments to demonstrate their loyalty to, and support

for the Party and its leadership.

The audience noted that the recent Walter Rodney incident and its consequences had inspired opponents of the PNC to lay blame for his death at the doorstep of the ruling vanguard party.

MEDIA DUPED

They emphasized that the opponents had misled and duped the overseas media, certain Caribbean leaders and overseas audiences into believing that the PNC had some involvement in what was tantamount to "suicide" by Rodney himself.

In their resolution members recorded their unstinted support for their parent-body the Party, and pledged to defend "Our gains so far as to thwart any attempt to interrupt the smooth flow of progress or to bring down the elected Government by extra-parliamentary means." In another resolution, members referred to the discovery of

arms and ammunition which were being used by elements politically-motivated against the Party and Government.

They urged the Government to take firm action in suppressing this growing menace.

The audience also referred to a blatant attempt to disrupt the free education system and to intimidate their children of schoolage, and to introduce racist and vicious politics into the country's schools to serve the self-seeking ambitions of a school head. The Region expressed full support for the Government and Minister responsible for Education in this matter of principle, and pledged to ensure that the free education system be not imperilled.

The audience congratulated the leadership of the Police Force for its prompt and disciplined actions in alleviating criminal acts in the region, and endorsed actions taken by the Police in bringing all criminal acts to justice.

GOVERNMENT WORKING TOWARD CO-OP BAUXITE INDUSTRY

Georgetown GUYANA CHRONICLE in English 6 Jul 80 p 1

[Text]

PRIME Minister Forbes Burnham announced yesterday that Government was working towards having Guymines (the country's bauxite industry) operate co-operatively.

The Prime Minister who made the announcement at the International Co-operative Day Rally at the National Park also spoke about a form of co-operativism that would bring the country closer and nearer to 'our objective of socialism'.

Telling about the planned experiment and exercise at the Guymines enterprise, the PNC Leader explained: "We are working towards having Guymines run co-operatively

— not merely in terms of the participation of those who actually work at Guymines, not merely in terms of participation between those who work at Guymines and the Government which hold the assets in the name of the rest of the nation, but also in terms of participation between the State, the workers -- management and non-management -- and the community in which the industry operates.

The Prime Minister who in 1978 had spoken about the bauxite co-op' plan, said "It is not going to be easy, but nothing good was ever easy to nothing worthwhile was ever easily attained or achieved."

CSO: 3020

BRIEFS

TONS OF RICE TO LIBYA--The first shipment of 2,500 tons of rice for Libya was up to late last night being loaded on ship Minores Luck, according to a statement from the Guyana Rice Board (GRB). This shipment would be followed by another later this year to complete the total 5,000 tons to be shipped to the Middle East Country this year, the statement added. There is no further commitment for this year as prior needs of the Caricom Market would have to be satisfied, the statement said. This year's 5,000 tons rice contract was negotiated by Prime Minister Forbes Burnham during his visit to Libya in January. And last month GRB Chairman Claude Saul visited two Middle East countries and was able to secure a further contract for Guyana to deliver 20,000 tons of rice to Libya next year. [Text] [Georgetown GUYANA CHRONICLE in English 7 Jun 80 p 1]

CSO: 3020

JAMAICA

BRIEFS

PILOTS REFUSE NIGHT WORK--Mounting violence in the corporate area in Jamaica recently caused pilots with Air Jamaica to refuse to work at night. According to the nationally-owned JAMAICA DAILY NEWS, the pilots refused to work at nights because of their fear of travelling to and from the airport after dark. Their refusal was expected to affect the company's plan to introduce the 'Nighthawk Flight' to New York and Toronto early this month as part of its recovery programme. In recent months there has been a marked increase in violence in Jamaica. And, in some areas preparations for the upcoming national elections have been affected since enumerators are not being allowed to do their work. [Text] [Georgetown GUYANA CHRONICLE in English 4 Jul 80 p 20]

CSO: 3020

ZACATECAS RECOVERS PRIMACY IN SILVER PRODUCTION

Mexico City EL SOL DE MEXICO in Spanish 15 Jun 80 p 3-A

[Article by Bertha Becerra: "Zacatecas Will Mine 7.5 Million Ounces of Silver"]

[Text] Zacatecas, Zac., 14 June (OEM [Mexican Publishing Organization])-- Zacatecas is winning first place in the nation when it comes to silver production. "We are shortly going to take out 7.5 million ounces here, to confirm Mexico's position as the world's first producer of this metal," the governor, Gen Fernando Pamanes Escobedo said here yesterday.

He added that veins were found in Fresnillo, Chachihuite, Jimenez de Teul, and Real de Angeles. These are fine-grade deposits. He announced that general support and support from private and government banks is expected so that the mining companies may exploit these minerals.

He said that the Real de Angeles deposit alone--whose operating facilities are already very far advanced--will report minimum earnings of between 3 and 4 billion pesos per year.

Overall, the general metal mining operations here "will report earnings of more than 10 billion pesos per year. Of that amount, the federal government gets 500 millions through taxes and the State of Zacatecas gets another 150 millions."

Within another three years, the figure will go up to 20 billion pesos because the mines of Jimenez de Teul will be in operation along with the new mines at Fresnillo, Veta Grande, and Francisco I. Madero. "Zacatecas is thus experiencing a mining industry rebirth," the chief executive said.

In addition to very fine-grade silver, lead, zinc, copper, and gold are also being mined in Zacatecas. The gold-containing metal, he reported, however is being extracted in small percentages.

On the other hand, the state chief executive--who attended the resumption of the work of the assembly of cattle ranchers--asked that the export quota for cattle on the hoof to the United States be increased. Right now,

Zacatecas sends 25,000 head "but we could easily sell as many as 35,000 because we have a surplus of animals and we do not have any livestock industry to provided any added value for our cattle ranching activities."

He said that animal husbandry and mining are the pillars of the state's economy. The development of one influences the other and, therefore, a crisis in one will also affect the other.

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CSO: 3010

MEXICO

JANUARY-APRIL EXPORTS WERE 90 PERCENT PETROLEUM

Mexico City EL SOL DE MEXICO in Spanish 15 Jun 80 p 3-A

[Text] During the first 4 months of this year, 90 percent of the total volume of Mexican exports of raw materials from the extraction industry consisted of petroleum. Another 2.5 percent were made up of secondary products based on petroleum.

Mexico's total exports during that period of time came to \$4,679.1 million, most of which were accounted for by the extraction industry (mining and petroleum) with foreign sales worth \$2,816.8 million (60.2 percent of the total). Crude petroleum accounted for 90 percent, and foreign sales here came to \$2,558.1 million. This sum furthermore represents an increase of 186.6 percent over the value of exports during the same period of time in 1978.

The above statistics were released by the National System of Statistics, Geography, and Information, Programming and Budget Secretariat.

Although already categorized under the heading of manufactured items, petroleum product sales came to \$117.5 million, representing 2.5 percent of the crude sales.

Petroleum sales considerably exceeded sales of manufactured items whose total exported value was 1,024.6 million pesos (including petroleum products).

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CSO:3010

GERMANY WANTS TO ACQUIRE STEEL TECHNOLOGY

Mexico City EL SOL DE MEXICO in Spanish 19 Jun 60 p 3-8

[Text] MONTERREY, N.L. [Nuevo Leon]--An official delegation from the GDR arrived in this city for the purpose of purchasing the first direct iron mineral reduction plant for its country, in order to start talks with high management officials of the Alfa Industrial Group, whose subsidiary, HYL, was the first to develop this process on an industrial scale more than a quarter of a century ago.

The delegation was headed by Dr Guenter Mittag, member, GDR Council of State, and member Political Bureau, Central Committee, United Socialist Party of Democratic Germany; the delegation talked directly to engineer Bernardo Garza Sada, chairman of the board of directors and general executive manager of the Alfa Industrial Group, as well as the other high executive officials of Alfa Acero and HYL.

During the meeting, Dr Mittag indicated that a very detailed study is now underway on what energy resource--lignite or natural gas--would be economically more feasible for use in the plant in question, in accordance with the GDR's current energy situation. If natural gas were to be picked, he said that they would be ready to contract for HYL technology.

Engineer Rafael Paer, general manager of Alfa Acero, pointed out that HYL had offered its process called HYL II for this project; this process consists of a highly efficient and productive compact plant which also offers the enormous advantage of permitting substantial energy savings.

Concerning the project as such, Dr Mittag announced that the direct reduction plant--the first of its kind to be operated in the GDR--would be built in the country's central region; it would have an initial capacity of 500,000 tons per year of foam iron and its output would be used to supply various German steel mills.

Foam iron is a mineral or oxide of iron which has been subjected to reduction in order to extract the oxygen from it, turning it into metallic iron. Afterwards it is used by itself or in combination with scrap iron for the production of high-grade steel.

In an exclusive interview at the end of the talks, Dr Guenter Mittag said that his country selected the Mexican enterprise HYL for this important project because of its recognized experience and because it has a steel technology which has been broadly proven in various countries and under highly variable conditions.

He also added that HYL technology is strongly backed up by very complete training and technical assistance programs, something which guarantees a real technology transfer.

Relations between the GDR and the HYL enterprise began during the 1979 Leipzig Spring Fair, where HYL held a seminar on its direct reduction process for the production of foam iron.

On the other hand, the GDR expressed its interest in collaborating with enterprises within the Alfa Group in order to establish or expand its production lines through technology and equipment, specifically in the machine-building, electronics, and textile industries.

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CSO:3010

PEMEX NOW OWNS 34 PERCENT OF PETRONOR

Mexico City EL SOL DE MEXICO in Spanish 1 Jul 80 p 1-B, 3-B

[Text] Bilbao, Spain, 30 June (EFE (Efe Agency))--The purchase, by PEMEX (Mexican Petroleum) of another 19 percent of the shares of PETRONOR has been called very beneficial by managers of the Spanish petroleum enterprise located in the Basque Province of Vizcaya.

The increase in PEMEX participation means that, as of 18 July--the date the participation becomes effective--Mexican Petroleum will hold 34 percent of the capital of PETRONOR, with the rest of the enterprise capital being divided between the Campes Company (33 percent) and the other 33 percent belonging to the bank.

The Mexican decision, which was announced yesterday by the Spanish minister of industry and energy on his return from Mexico, means--in the opinion of management personnel at the Basque refinery--that there is a possibility of using the production capacity of PETRONOR to the maximum extent, that is to say, "it enables us to start thinking in terms of exporting products as soon as the new catalytic plant is in operation."

This decision--in which, according to reports, the country's very highest authorities were involved, including King Juan Carlos himself--provides a greater guarantee of supply for PETRONOR, as well as the possibility that the enterprise might produce a maximum yield; "it appears logical," it was added, "that PEMEX will use PETRONOR to launch its products toward Europe."

Market Diversification

With a view to avoiding economic dependence in the matter of foreign trade, Mexico will continue its policy of market diversification, according to an announcement made yesterday by the representative of PEMEX in New York, Mr. Carlos Walter Madrid.

Interviewed at the "Benito Juarez" International Air Terminal, he explained that we will also continue to implement our preferential policy for countries that want to cooperate in the matter of technological exchange for the benefit of the development of nations.

"We have the fixed idea," he said, "that energy resources must not be the exclusive property of just one country but of mankind as a whole, as President Lopez Portillo proposed in the United Nations."

He indicated that Mexico has certainly been subjected to pressure from some countries interested in purchasing crude but "there has been no echo on that." Nevertheless, he did not specify what kind of pressures these were.

Walter Madrid announced that, in the case of sale of petroleum to the United States, we are continuing with an export target of 300 million cubic feet of natural gas and that this figure certainly will not change any time soon.

In this context he emphasized that the strength of Mexican foreign trade has permitted a growth in its economic structure which, on the other hand, has enabled it to consolidate its loans and to win confidence of the World Bank. The PEMEX official said that big banking corporations in New York have confidence and faith in Mexico.

Contract Signed with Nicaragua

Mexico will sell 7,500 barrels of petroleum to Nicaragua per day; this operation was formalized yesterday with the signing of the respective contract by PEMEX manager, Engineer Jorge Diaz Serrano, and Dr Carlos Zarruck, minister of mines and hydrocarbons of the Government Junta.

When the above was revealed, it was announced that the conditions of the contract concluded, both regarding prices and contract specifications, are the same as those between Mexico and other customers.

It was remarked that the negotiations with the Nicaraguan nation were begun in Mexico on 31 August, when a mission from the Government Junta was received on a visit to PEMEX.

The 7,500 barrels, which Mexico will ship to Nicaragua--an amount indicated from the very beginning of negotiations--represent 50 percent of the consumption volume on the Nicaraguan market; it was learned that the remaining 50 percent would be supplied through Venezuela.

It is believed that the first shipment of Mexican petroleum will arrive in Nicaragua during the last days of July or the beginning of August; this is why, in an effort to stress the occasion and to underscore the solemn nature of this event, the Nicaraguan mission has asked that Mexican officials be present upon the arrival of the first tanker.

During the simple contract signing ceremony, Dr Zarruck was accompanied by the Commander of the Revolution Henry Ruiz, as well as the assistant to the Ministry of Foreign Relations, Maria Vigil, and other persons.

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CSO:3010

PEMEX TO RENEGOTIATE OIL, GAS PRICES

Mexico City EL SOL DE MEXICO in Spanish 1 Jul 80 p 1-8

[Article by Arturo de Aquino: "Irregular Behavior on World Petroleum Market"]

[Text] Starting today, Mexico will launch negotiations with its hydrocarbon customers in order to determine whether it should modify export prices on these products.

With the start of the third quarter of the year today, Mexican Petroleum will once again hold conferences with its customers to determine whether a change should be made in the crude and gas export rates that were determined.

PEMEX [Mexican Petroleum] point out that the international market right now has revealed a rather irregular performance and that it will therefore be difficult to make a decision; the possibility of an adjustment however remains since the first quarter of the year has already started.

It was explained that this is what happened at the start of the second quarter because at that time there was no change in Mexican hydrocarbon export prices but the possibility of adjustments was left open the moment that this was considered necessary.

Thus, a change in prices was made at the start of the month of June which has just ended, prior to the talks with the customers of the national petroleum company.

On this occasion, Mexican Petroleum will once again talk to the representatives of the petroleum and natural gas purchasing countries and these talks will determine the advisability of making an adjustment now in order to bring the Mexican price up to the international price or leaving this step for the next several days, when the world market will be less agitated.

If an agreement should be arrived at to the effect that prices would be raised and if that should materialize after the start of the month of July, the increases at any rate will be retroactive to today, in other words, the start of the year's third quarter.

SIDERMEX INCREASES ITS CAPACITY

Mexico City EXCELSIOR in Spanish 2 Jul 80 p 33-A

[Article by Fernando Aranzabal: "SIDERMEX Announces Expansion of Its Capacity by 2 Million Tons"]

[Text] SIDERMEX [Mexican Steel Corporation] General Manager Jorge Leipen Garay announced yesterday that the second phase of the Lazaro Cardenas-Las Truchas Steel Mill would be started this month; 50 billion pesos will be invested in this expansion project and it will have to turn out an additional 2 million tons of steel.

In the course of a press conference, Leipen Garay announced that the SIDERMEX Group would increase its output during the second half of the year by 20 or 25 percent compared to the first 6 months of this year; he said that, by the end of 1980, the total output of the Mexican steel industry--both government and private--would come to 7.5 million tons and he agreed that the current rationing of electrical energy affected primarily the Lazaro Cardenas-Las Truchas Steel Mill "which had to reduce the production of rolled products--rods, wire, and light section steel--by 40 percent."

Aided by engineers Raul Morales Zamora, director of raw materials and mines, and Juan Warman, chief of advisors, Leipen Garay said that the Monterrey Foundry has a power plant of its own which enables it even to supply a "modest" surplus to the Federal Electric Power Commission. "But blast furnaces depend on external energy to the extent of 30 percent and that outside energy is rationed to the tune of 50 percent; this made it necessary partly to close down some of its sections."

Leipen Garay said that "rail transport is not longer a bottleneck for steel plants."

Second Phase of SICARTSA

Concerning the construction of the second phase of SICARTSA, the official explained that "it is now in the basic engineering phase and the second

half of the year will bring the levelling of the ground and the construction of the first parts of the expansion program."

He said that SICARTSA presently has an installed capacity for producing about 1 million tons of steel per year and that this figure will go up to 3 million tons after expansion.

He said that, during this second half of the year, they would be working on the opening of new mines, on the installation of an iron mineral concentrator plant, on an iron conveyor line [iron pipeline], a pelletizer plant, and a foam-iron plant. "The budget has already been approved by the various federal government agencies and by President Lopez Portillo himself," he noted.

He asserted that the first part of this SICARTSA expansion program will become operational by the end of 1982 and that the entire installation will be working by the middle of 1984.

He denied that there are any offers as to joint investments or financing by any Japanese enterprise regarding participation in SIDERMEX.

He pointed out that the steel industry has for the past 2 months been asking for an increase in steel prices "because of the heavy increase in equipment prices."

Concerning complaints from the automotive industry to the effect that SIDERMEX does not supply it with sufficient steel, Leipe Garay said: "I know that the automotive industry on certain occasions complained that we do not meet its steel needs; but this is fundamentally due to the fact that government prices, which prevail in the integrated steel industry, are not attractive; there is a big difference between the prices in the nonintegrated industry as against the integrated industry; consequently, it is neither attractive nor convenient for us to produce steel for the automotive industry."

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CSO:3010

NETHERLANDS ANTILLES

NETHERLANDS PROMISES TO SUPPORT SURINAMESE GOVERNMENT

The Hague ANP in English 30 Jun 80 p 2

[Text] Paramaribo, June 30--Development Cooperation Minister Jan de Koning, who begins talks with Surinamese Premier Henk Chin A Sen today, said Holland wished to support the Chin A Sen government vigorously.

He saw this government as a guarantee for the restoration of parliamentary democracy in the former Dutch colony, he told the ANP correspondent.

On arrival from Colombia on Friday, Mr De Koning said, he was told that Surinam had released all political prisoners.

Mr De Koning made clear that Holland would not enter into Surinamese suggestions to make the Dutch aid commitment of 2.7 million guilders inflation-proof.

He said this would cost Holland 700 million guilders extra, which sum just was not available.

Moreover, he said, Surinam's capacity to absorb foreign aid was limited. So far 500 million guilders had been spent and the remaining 2.2 billion guilders would suffice for a long time, he felt.

The Dutch government would be happy if Surinam could take 100 million in aid per year.

Referring to Surinamese wishes for Holland to help set up a social security system, Mr De Koning said the money had been available for two years.

He stressed that Holland would only finance the starting-up of the system if it was clear that the Surinamese economy could support it.

CSO: 3120

SURINAM STILL HOLDS POLITICAL PRISONERS

The Hague ANP in English 2 Jul 80 pp 5-6

[Text] Paramaribo, July 1--The Surinam regime has released some but not all political prisoners, visiting Dutch Development Cooperation Minister Jan de Koning said here today.

On arrival here he had been told by the Dutch Embassy that all political prisoners had been freed, but this piece of information had proved to be wrong, he said.

The minister told newsmen that the human rights situation in Surinam had improved in the past few months and that Prime Minister Chin a Sen was going to great pains to restore law and order.

Mr De Koning described the restoration of parliamentary democracy as being essential for Surinam and for Dutch-Surinam relations.

The Netherlands would like free elections to be held as soon as possible but would not use development aid as a means to exert pressure for a return to parliamentary democracy, he added.

The Dutch Government felt that economic recovery would further the restoration of parliamentary democracy. In that sense development cooperation was for the Netherlands a way to make parliamentary democracy possible, he said.

The minister said that good progress was being made in talks on bilateral development cooperation but that the stickiest points had not yet been raised.

CSO: 3120

NETHERLANDS ANTILLES

DUTCH-SURINAM AID TALKS BREAK DOWN

The Hague ANP in English 3 Jul 80 p 4

[Text] Paramirabo, July 2--Dutch-Surinam talks on a 3.5-billion-guilder development scheme agreed in 1975 broke down today with the parties failing to come to terms on Surinam proposals to index what is left of the funds.

The Netherlands pledged to provide its former South American colony 3.5 billion guilders worth of aid over a period of 10 to 15 years when Surinam gained its independence on November 25, 1975.

Only a relatively small amount has actually been spent and the Surinamese are worried about the erosion by inflation of the allocation.

The Surinam Information Service announced that the Surinam Government had broken off the talks with the Dutch delegation headed by Development Cooperation Minister Jan de Koning.

Mr De Koning told a press conference that in his view there was no need to index the remaining funds because there was enough money to cope with developments. In addition he did not think Surinam stood to benefit materially for the time being.

He said he wished to stick to the nominal amounts as agreed and laid down in a 1975 treaty. He did not think it was right to reduce the sums mid-way through the agreement.

The Surinam Government was to give a separate press conference later.

CSO: 3120

NETHERLANDS ANTILLES

BRIEFS

EXTERNAL DEFENSE--The Hague, July 2--A constitutional clause dealing with defence, still to be approved by the Second Chamber, leaves room for the Netherlands to assume external defence tasks for the Netherlands Antilles, Home Affairs Minister Hans Wiegel, said today. In a memorandum of reply to questions from the Antilles, the minister emphasised that in case the Netherlands were to assume such tasks after Antilles independence it could do so only by concluding a treaty to be approved by both Chambers of Parliament. [Text] [The Hague ANP in English 3 Jul 80 p 1]

CSO: 3120

PERU

PRESIDENT-ELECT INTERVIEWED BY CHILEAN PAPER

Santiago LA TERCERA DE LA HORA in Spanish 7 Jul 80 pp 8-9

/Interview with Peruvian President-elect Fernando Belaunde Terry by TERCERA DE LA HORA president and vice president, German Pico Canas and Agustin Pico Canas, respectively, in Santiago: "I See Light At The End of the Tunnel With Respect to Our Relations With Chile," date not given/

/Text/ "As president-elect of Peru I can say that I can see light at the end of the tunnel with respect to the normalization of relations with Chile. At the right time when both countries agree in a cordial manner, diplomatic relations will be completed. I hope that these ties are not broken in any way during my term. My administration will seek brotherhood with all the people of Latin America."

This auspicious statement led to a sincere 45-minute interview with architect Fernando Belaunde Terry, who on 28 July will become president of Peru, by TERCERA DE LA HORA's president and vice president, German Pico Canas and Agustin Pico Canas, respectively.

The interview was conducted in Santiago after the interviewers were visited by an old friend, Celso Pastor, brother-in-law of the Peruvian president-elect. We expressed an interest in talking to Belaunde and obtaining his views firsthand. A few days later Alberto Montagne, the Peruvian charge d'affaires, informed us that we had been granted an interview. We had to move fast to take advantage of such a valuable journalistic opportunity.

President Belaunde spoke with LA TERCERA only hours after he received his credentials as chief of state from the National Elections Court. He was pleased by this action: "This is a great honor and signifies a tremendous responsibility. I do not deserve the honor, but I am determined to assume the responsibility fully."

Very Cordial Meeting

Our meeting was very cordial. The Peruvian president, who has known his visitors for several years, asked German Pico if he had flown his plane to Lima again. Then he talked about how most of his campaign had been conducted with the aid of a twin-motor Cessna in which he flew to all parts of the country, including rough mountainous and jungle regions. "Ours was a great victory and because of the majority of votes we received it was not necessary for Congress to pick a winner."

"The important aspect is that the people made a decision and the entire election process was carried out with very high objectives. It is odd. I was in exile for many years and I had time to think. But when it came time to campaign, it was all done on the spur of the moment. There was barely enough time to keep traveling and make progress."

His first decision will be to call for municipal elections as a means of completing the nation's return to normal. Oddly enough, during his previous administration this was the first step he took: "I hope to repeat such an honorable episode from our democratic history."

One of the most serious problems he will face will be the high rate of inflation which is flogging our sister republic. What will be his government's position on this subject?

"Actually, I believe that there are two approaches. One is to stabilize inflation which appeals to me because I think it is good for the well-being of the people. The other, if we cannot reach the first objective immediately, is to adjust wages to the increase in the cost of living. I feel that these are the only two solutions."

The Strikes

Another tense situation which predates his inauguration is the wave of strikes sweeping over Peru. Most of the strikes have been caused by economic reasons, by a demand for wage increases.

[Question] Are these strikes politically motivated, Mr President?

[Answer] I believe that there are justified economic reasons for the strikes. But I have a great deal of faith in the maturity of the Peruvian people and I hope that on 28 July after they hear our plans they will be more understanding and cooperative. Our main objective is the wellbeing of the majority. That is why we will make an appeal to all labor sectors in the nation by offering true and sincere plans. I stress again my faith in the people's willingness to understand.

I understand that the situation for a majority of Peruvians is very serious. I believe that throughout the country pay is not This is an easy statement to make but a difficult situation to solve

We are dealing with a deep-rooted ill. It cannot be corrected in an quick and rash manner because we would run the risk of raising the rate of inflation.

/Question/ Will you continue the jungle service road project?

/Answer/ Yes. You see 55 percent of the project has been completed and it is a great Andean Group development program. It just so happens that the only new developments in Peruvian agriculture in recent years have come from this roadway. In San Martin Department we were able to put 120,000 hectares into production.

My first official visit, after I was formally declared president-elect, was to the Army's Geographic Service because I wished to learn about some techniques that are being used to detect natural resources. This is very important. Let me explain this to you with this map. Peru has four mountain ranges which produce four different kinds of climates so that we have the entire range of production possibilities. The jungle service road runs East to West at from 500 to 2,000 meters above sea level. We would like to extend it and triple the size of agricultural land along the coast, build sawmills, introduce agroindustry, rural settlements and many other projects. There are 17 million of us and this poses serious food supply problems.

The Budget

On economic matters he said that his ministers-designate are revising the national budget prepared by the military regime so that congress can amend it accordingly as they deem advisable.

On diplomatic matters he acknowledged quite frankly that he will make the necessary changes, including the Peruvian ambassador to the United States, Arias Schreiber. In view of our interest, he explained: "This is not because there is any mistrust but it is due simply to the natural changes which occur when there is a new government."

He is pleased that the presidents of the Andean Group member nations will attend his inauguration. He regretted that Jaime Roldas of Ecuador will be unable to attend, although he selected former President Galo Plaza to head the delegation. He called Plaza "an illustrious American statesman" and he acknowledged that, despite the pressures of the occasion, he would have an opportunity to meet with his colleagues Luis Herrera Campins of Venezuela, Julio Cesar Turbay of Colombia and Lidia Guerler of Bolivia to discuss matters of interest to the Andean Group.

Chile's Return

/Question/ Do you support Chile's return to the Andean Pact?

/Answer/ I believe that Chile should return. From top to bottom, Chile is an Andean country and I imagine it left the Andean Pact only because of the limits placed on foreign investments. But its experience with liberalizing its terms for foreign investments is interesting.

/Question/ But if our country does not return to the Andean Pact, would you recommend bilateral agreements, in this case with Peru, to increase trade?

/Answer/ Yes. There has always been a large volume of Chilean exports to Peru, especially of fruit. Today, wine exports have been liberalized. At one time wine exports were restricted, I don't know why, but there is permanent trade. It is always possible to find two or three Chilean ships in Callao.

/Question/ Let's get to the heart of the matter. You are very open. Is there any possibility that full diplomatic relations with Chile will be restored since relations today are conducted through charge d'affaires?

/Answer/ Well, I am very optimistic about the matter. President Augusto Pinochet made a very auspicious statement, a very cordial message which I answered immediately. I believe that in the future a great deal will be done in this respect.

In Peruvian-Chilean relations we can see the light at the end of the tunnel as far as normalization is concerned. But I am pleased to point out that, fortunately, relations are good. Relations are handled by charges but both are very capable. Your charge, Demetrio Infante, is very astute.

/Question/ How do you feel about the fact that our Finance Minister, Sergio de Castro, will head the Chilean delegation to your inauguration?

/Answer/ Minister de Castro's selection is very interesting. He is a brilliant man. I use the word interesting because with the future Minister of Economy and Finance, Manuel Ulloa, we are discussing alternatives and trying to decide what action to take. Furthermore (he said with a laugh), we must always listen to the economists although we don't necessarily have to do what they say. In any case, Chile has pursued a well-defined economic policy and had very concrete results.

/Question/ What can you tell us about the Peruvian economy?

/Answer/ It is supported by some 12 products that are in great demand throughout the world. In addition, our country is an oil exporting nation. With this diagnosis we can say that the patient is healthy. However, we face serious difficulties ahead. But these are fiscal and monetary problems. And my question is: If the economy is healthy, why can't we have stability? But this is difficult to accomplish. There are other factors. Even though the country does not import oil, it is feeling the effects of rising oil prices in all the products it imports from tractors to airplanes.

Housing

[Question] Mr President, all of our countries are faced with the problem of extreme poverty. As an architect, have you thought about building homes for the very poor?

[Answer] Of course. We will have a significant plan despite the fact that housing is another puzzle. The mortgage system is in a shambles because of the high interest rates. How are you doing in Chile in this area? Interest rates here are over 35 percent per annum so that after 3 years a person has already paid off what he borrowed but he must still continue to pay. I know that in Chile you have a home subsidy program. I am also familiar with the former Pereira Law.

We will submit a housing plan. Our problem is that we must provide subsidies, there is no question about it. What we must do is see to it that more money than the government puts out is invested, we must encourage the flow of private capital. That is why we have thought about subsidizing the interest rate so that we can enter the money market, obtain funds and make up the difference.

We also plan to be very active as far as electric power is concerned. We must bring electric power to the southern part of the country. What is the situation in your country in this area? Is there electric power all the way to Punta Arenas?

President Belaunde's interest in our country is obvious. In addition to the foregoing questions, he asks others concerning the existence of oil in Magallanes and krill fishing.

[Question] President Belaunde, have you given any thought to Peru's exploration of the Antarctic?

[Answer] Well, there is a group in Peru that believes that we should be there because of the composition of the continent itself.

As for international marine resources, I have been informed that the United States issued a law authorizing its citizens to exploit these resources without restrictions even though they have been declared an international resource and there is no international law on the subject. I know that there have been protests about this.

When I taught in the United States, I maintained that colonialism had ended on land because it is faced with too many obstacles stemming from social, human rights and other problems and it is very difficult to administer a colony. But today we have the beginning of maritime colonialism which is equally dangerous.

Agrarian Reform

/Question/ What will be your government's agrarian reform policy?

/Answer/ We will continue it but try to correct the mistakes and, above all, to make up for any omissions. To date agrarian reform has centered primarily on the ownership of land but little thought was given to expanding agricultural frontiers. We plan to make changes in this area. We will attempt to legalize and stabilize the peasants situation so that they will not continue to face uncertainties. We would like to see intensive efforts to produce more and more food.

/Question/ What about the expropriation of Peruvian newspapers? Is there any possibility that they will be returned? As editors and reporters we are very much interested in this subject.

/Answer/ We still hope that the problem with the newspapers will be settled by the present administration. Remember that the first phase of the military government meant an interruption of constitutional life. Then, following the Tacna declaration, Francisco Morales Bermudez became president and he worked hard for a return to constitutional government. His efforts are a credit to his administration.

However, during this second phase it could well be that the mistake involving the press could be corrected. In my opinion, the right of ownership of the original owners and the rights gained by the workers should be recognized and an agreement sought. I know that several formulas exist and I don't believe that there would be any obstacles to a final solution. If this does not come about, as I have said on other occasions, we will then be faced with the possibility of being the heroes of freedom of the press.

/Question/ One last question, Mr President. There have always been groups in Peru calling for the annexation of Arica. What will be your government's position on this subject?

/Answer/ We are governed by treaties and my commitment to the people of Peru is to have those treaties respected.

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